



FINANCIAL TIMES

Europe's Business Newspaper

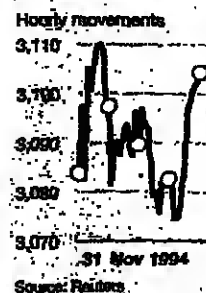
WEEKEND NOVEMBER 5 NOVEMBER 6 1994

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Fall in US jobless fuels expectations of interest rate rise

Expectations of a rise in US short-term interest rates were fuelled yesterday by data showing that the US unemployment rate reached a four-year low of 5.8 per cent in October. Currency market analysts said it was now a question of when rather than whether the US Federal Reserve will increase rates. Indications of mounting wage pressures prompted a sell-off in US bonds, but the dollar held steady. Page 24 and Lex; The rising yen, Page 7; Bonds, Page 10; Currencies, Page 11; Wall Street, Page 21; Markets, Weekend FT, Page 12

FT-SE 100 Index



London shares: The FT-SE 100 share index extended its gains in early trading, but the market dropped sharply on the US employment data. The index later revived to close at 3,097.6 points, a net fall of 6.8 on the day. Sea trading volume of 88.5m shares was about one third down on Tuesday's figure. Page 13; Markets, Weekend FT, Page 12

Russian deputy PM quits: Deputy prime minister Alexander Shokhin, the senior reformer in the Russian cabinet, offered his resignation and said economic reform would not succeed under the current government. His decision may worry international financial agencies which are considering loans to stabilise the rouble. Page 24

Fortis announced a £175m share placing to help fund its acquisition of international hotels chain Meridien, which is 57 per cent owned by Air France. The UK hotels and restaurants group said it already had acceptances for 80 per cent of Meridien's shares. Page 8; London stocks, Page 13; Lex, Page 24

UK car sales fall: UK sales of new cars fell nearly 3 per cent year on year last month, with sales to private buyers hit particularly severely. Page 24; Details, Page 4

Chirac's cap in the ring: Jacques Chirac, leader of France's Gaullist RPR party, declared his candidacy for next year's presidential contest, so wrecking any hope on the French political right of offering a single candidate. Page 2

No probe for Venables: The Serious Fraud Office announced it will not investigate the affairs of Edemote, the collapsed company of England soccer manager Terry Venables.

HK airport deal signed: Hong Kong's long dispute with China over the colony's new airport seemed closer to conclusion after Britain and China signed a deal settling the financial structure of the project. Page 3

Rail for Abiola: Nigerian opposition leader Moshool Abiola was granted bail but it was not known whether the military government would release him. Mr Abiola won last year's annulled presidential vote but was held on a treason charge after declaring himself president. Page 3

Uruguay spurns Medocin: Uruguay's government turned down an asylum request for the former mayor of Nice, Jacques Medocin, and ordered that his extradition to France on corruption charges go ahead.

German move on sciences: Germany's ruling coalition has agreed to set up a new German Academy of Sciences made up of experts from politics, the natural and applied sciences as well as arts and letters.

Ophelia fetches £600,000: A painting of Ophelia by pre-Raphaelite artist Arthur Hughes fetched £595,000 at a Christie's auction in London.

Travellers confess: More than 60 per cent of European business travellers admit stealing supplies from their hotel rooms, according to a survey for Official Airline Guides. Executives who fly first or business class justify the expense by saying they work while in the air, but actually spend their time eating smoked salmon and watching films.

Amos to teach Church leaders: The College of Preachers, which will teach clergy how to avoid giving soporific sermons.

China after Deng
Where will China go now that the era of Deng Xiaoping is coming to a close? The FT's annual survey of China, out next Monday, finds that reform momentum is slowing and inflationary dangers loom.

Companies in this issue		
Airports	8	Grayhound Lines
Barnes Homes	9	Hanson
Barr & Wallace Trust	8	London Industrial
Bovis	8	Lonrho
British Aerospace	8	Meridien
British Assets	8	Procter & Gamble
Browning Fairs	8	Rover
Burtonwood Brewery	8	Stammin
Carer Holt Harvey	8	TBI
Cook (William)	8	TLG
Fors	24	VSEL
GEC	8	Westminster Scaffold

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Bosnian Serbs mobilise forces after military defeats

By Laura Silber in Belgrade and Bruce Clark in London

The Bosnian Serbs, smarting under their first serious defeat in 31 months of war, served conscription orders on tens of thousands of civilians and students yesterday but stopped short of declaring immediate martial law.

Mr Radovan Karadzic, the Bosnian Serb leader, said a "general mobilisation" of men in his self-styled republic had begun. "We are entering the final battle," he said. Mr Karadzic has masterminded the Bosnian Serbs' hitherto successful defiance of the republic's mainly Moslem leaders, who declared independence in April 1992.

The mobilisation was a sign that Bosnian Serb resources are being strained to breaking point as growing Moslem firepower and a desperate shortage of fuel take their toll. However, a meeting between Mr Karadzic and the Bosnian Serbs' political and military leadership failed, unexpectedly, to produce any

immediate decision to declare a state of war, or suspend civil rights.

The session followed military reverses at the hands of a Moslem-Croat alliance, including the loss of the strategic town of Kupres in central Bosnia and about 100 square miles of territory to the north of the republic.

Officials in Pale, the Bosnian Serb stronghold where the meeting took place, said a decision on an all-out state of war would probably be taken next week. The postponement of this move

fuelled speculation among western observers of possible divisions in the Bosnian Serb leadership, which has been isolated by its former Serbian protectors in Belgrade.

Reports from Bosnian Serb-controlled territory, which amounts to nearly 70 per cent of the Bosnian republic, said security police loyal to Mr Karadzic were questioning hundreds of local officials and citizens.

The apparent purpose of the questioning is to root out supporters of Serbian

President Slobodan Milosevic, who has accepted the latest international peace plan and has become a bitter rival of Mr Karadzic.

Meanwhile, UN officials denounced as "terrorism" a Serb rocket attack on Bihac, in which seven people were wounded. Mr Thant Myint-U, a UN spokesman, described the attack as a reckless and inexcusable act which had no military value. This sharp reaction

Continued on Page 24

Post Office seeks £100m cut in levy to Treasury

By Kevin Brown, Andrew Adonis and David Owen

The Post Office yesterday called for a £100m cut in its annual payment to the Treasury to compensate for the cabinet's refusal to back the privatisation plan put forward by Mr Michael Heseltine, trade and industry secretary.

Amid growing dismay among mainstream Conservatives at the cabinet's capitulation to a few rebels, senior ministers sought to dispel the impression of government drift by promising a "radical" legislative programme in the next parliamentary session.

But the uncertainty surrounding the future of the Post office heightened as it became clear that many senior ministers, including Mr Heseltine, expect privatisation to re-emerge as the only viable option.

As DTI and Treasury officials waited in vain for ministerial instructions to begin reviewing the remaining options for the Post Office, Mr Bill Cockburn, chief executive, warned that only radical change could prevent a slow decline in market share.

He said the Post Office "urgently" needed a big cut in the Treasury levy, expected to amount to £213m next year, to finance an increase of up to £100m a year in spending on updated equipment.

"We will be saying to the gov-

ernment: 'If you bleed us white, we will not be able to deliver a first-class postal service'. That must mean leaving us with more of our profits to re-invest," he told the FT in an interview.

Friends of Mr Heseltine said he was still feeling "sore" after his cabinet defeat on Thursday, and would not consider options for the Post Office until next week.

Those options are likely to include a reduction in the levy, as well as changes to the rules governing capital spending and pricing.

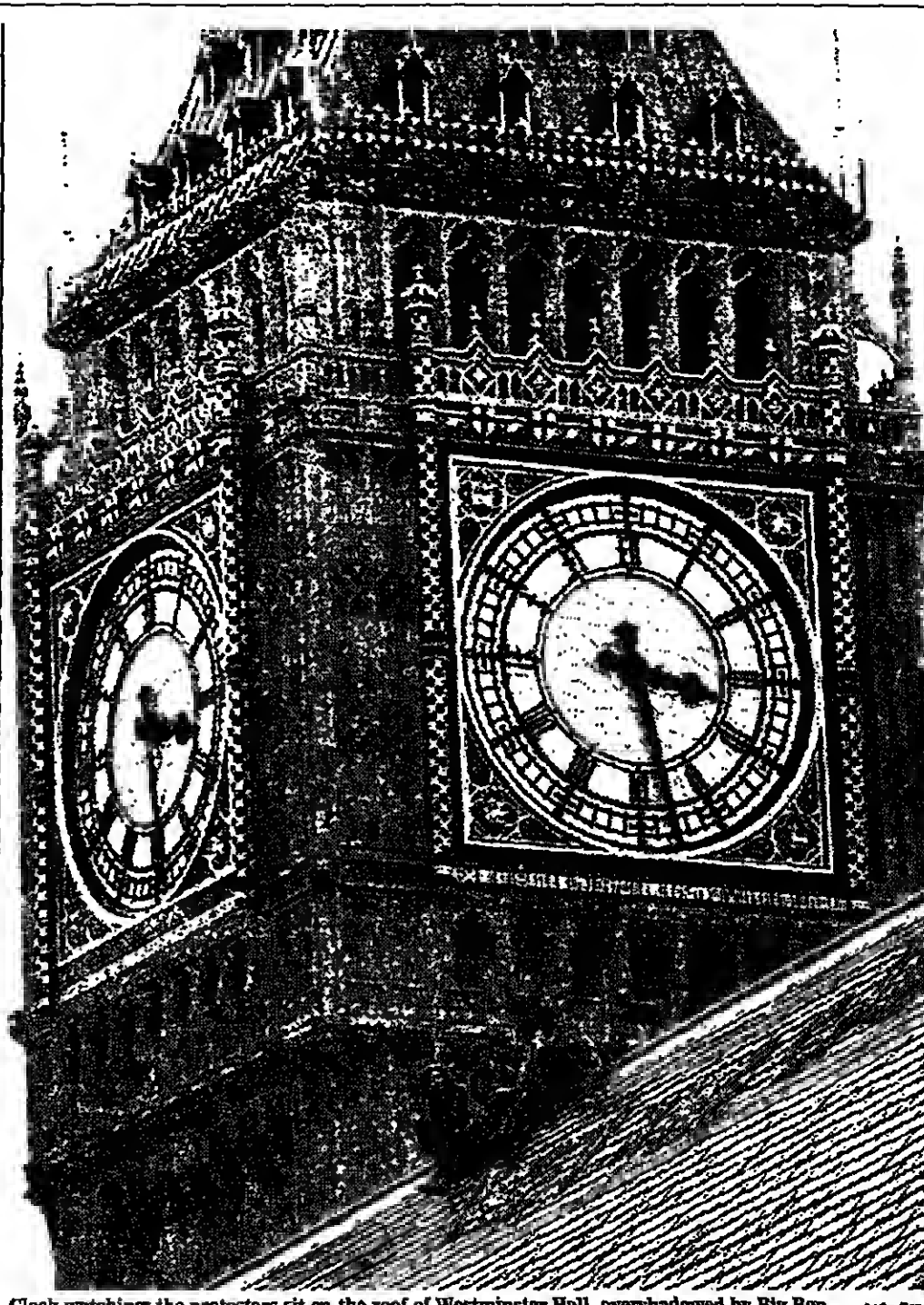
But Mr Heseltine was said to be convinced that support for privatisation will grow as it becomes clear that less radical changes are insufficient to protect the Post Office from private sector competition.

Several senior Conservatives support this view, including Sir Norman Fowler, the former Conservative party chairman, and Mr Kenneth Clarke, the chancellor.

Mr Clarke, who again ruled out changes to the Treasury rules covering Post Office borrowing, said he was "sure the Post Office will one day be privatised".

Mr Heseltine, who dismissed suggestions that his political career had been soured by the

Continued on Page 24
Royal Mail floats pay freeze, Page 4
Editorial Comment, Page 6



Clock-watching: the protesters sit on the roof of Westminster Hall, overshadowed by Big Ben

Commons rooftop protesters try to stay in touch

By David Owen

It's good to talk - which is why the five men who scaled the House of Commons yesterday to protest against the Criminal Justice Act took a mobile phone with them.

It was lunchtime when they breached the Palace of Westminster's defences, jumping over a wall, shinning up a drainpipe and clambering on to the roof of Westminster Hall, one of London's best-known landmarks. By 1.30pm they were perched astride the roof, just below Big Ben, with banner unfurled.

On the ground, equally well equipped, was the group's press liaison officer - with a lawyer. Press releases were handed out, giving a number on which "live interviews" could be conducted with the climbers.

Mr Patrick Field, the press officer, said they were staging the protest "as citizens against the criminal justice bill". He said the men had carried out "a certain amount of reconnaissance", after which it was just "jump over the wall and charge".

Scotland Yard said seven men went over the wall but two were arrested before they could make the climb. Both face breach-of-the-peace charges.

Three of the climbers came down later and were driven away in a police van. They are believed to have been arrested on suspicion of committing criminal damage.

But all did not go entirely as planned for the climbers - repeated attempts to contact them on their mobile phone were unsuccessful.

Bock promises to concentrate solely on Lonrho interests

By Robert Peston

Dieter Bock, the German financier who on Thursday won his year-long battle to persuade Mr Tiny Rowland to quit the Lonrho board, last night pledged to sell all his outside business interests "within at least two years".

He did this to allay widespread concerns that he might lack both the time and financial resources to take a long-term approach to the reorganisation of Lonrho.

"I will be involved only in Lonrho," he said in his first interview since his victory against Mr Rowland. "I have the firm intention in a controlled way to get rid of all my outside interests. That is completable in two years but it might not take as long as that."

However, he denied rumours

that his private businesses are under financial pressure. "There are no problems," he said.

He also stressed that he had "no intention" of selling any of his 18.8 per cent Lonrho holding, which was last night worth £207m, compared with the £90m bank loan he took out to finance the purchase two years ago.

His main private interest is Advanta, a German property company. However he also has extensive property interests in South Africa and a joint venture with Lord Palumbo, the former Arts Council chairman, to develop the Mansion House site in the City of London.

He did not give details of how he intended to withdraw from the controversial London scheme. The value of his outside inter-

ests is difficult to assess, because he holds them through a network of companies in the UK, Germany and the Netherlands.

Mr Bock gave his priorities for Lonrho over the coming months:

- He wants to resume negotiations with Gencor, the South African mining conglomerate, to achieve a fusion of both companies' platinum interests in a deal which could create the biggest platinum group in the world;
- He plans to cut head office costs by more than £10m a year;
- He will dispose of any Lonrho interest which does not belong in either the mining, hotels, agricultural or trading divisions. He said he was also likely to consider

Continued on Page 24
No time to put his feet up, Page 9

STOCK-MARKET INDICES			
FT-SE 100: 3,097.6 (-6.8)		US Inflation: 4.1%	
Yield: 4.11		3-m Treasury Bill: 5.250%	
FT-SE Eurotrack 100: 1,338.72 (+0.18)		Long Bond: 8.2%	
FT-SE All-Share: 1,338.05 (+0.19)		Yield: 8.14%	
Nikkei: 19,811.56 (+0.31)		NORTH SEA OIL (Argus)	
New York: 1,345.29 (+8.41)		Brent 15-day (Dec): \$17.88 (17.59)	
Dow Jones Ind: 3,854.29 (+0.34)		Gold	
S & P Composite: 487.57		New York Comex (Dec): \$384.7 (384.4)	
LONDON MONEY		London: \$384.0 (383.7)	
3-mo Interbank: 6.1% (6.2%)		STERLING	
Life long gilt fut.: Dec 101.4 (Dec100.5)		New York: 1.6120	
		London: 1.6097 (1.6175)	
		DM: 2.4501 (2.4498)	
		FF: 8.4067 (8.4025)	
		Sfr: 2.0504 (2.0502)	
		Y: 157.277 (157.97)	
		T Index: 80.6 (80.9)	
		S Dollar	
		New York: 1.5185	
		FF: 2.236	
		Sfr: 1.2986	
		Y: \$7.625	
		DM: 1.5235 (1.5146)	
		FF: 5.2275 (5.1948)	
		Sfr: 1.275 (1.2679)	
		Y: \$7.80 (97.605)	
		S Index: 81.6 (81.4)	
		Tokyo close: \$7.72	

CONTENTS			
News	Letters	FT World Affairs	Money Markets
International News	Man in the News	Foreign Exchanges	Recent Issues
UK News	Companies	Gold Markets	Share Information
Weather	UK	Equity Options	World Commodities
Lex	Int. Companies	London SE	Wall Street
Features	Markets	USE Dealings	Bourses
Leader Page	FT-SE Futures	Managed Funds	

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NEWS: INTERNATIONAL

Monetary union panel rules out 'big bang'

By Emma Tucker in Brussels

An overnight "big bang" switch to a single currency in Europe has been ruled out by the panel of experts examining EU ambitions to introduce a currency before the end of the century.

Its recommendation will be welcomed by governments, companies, and organisations who feared that a sudden change could result in administrative chaos and a bemused populace.

But while stressing the need to tread carefully, the panel, appointed by the commission, says the switch must happen as swiftly as possible, with the Ecu and national currencies

existing only for a limited period.

Mr Cees Maas, chairman of the group, was in Brussels yesterday to present these and other suggestions to Mr. Henning Christophersen, commissioner responsible for economic and financial affairs.

"The group is convinced that the Ecu will be introduced before the end of the century and Mr Christophersen was very happy to hear that," said Mr Maas, also a director of ING, the Dutch financial services company.

Mr Maas also warned the British government that the City of London, Europe's biggest and most important financial centre, would suffer from

the government's decision to remain outside a single European currency.

"I cannot imagine that the City will accept not taking part in this one single currency," said Mr Maas. "It seems that if it is not part of the Ecu block, it will lose out."

According to the committee, governments, banking systems and retailers must start now to prepare for the single currency. Banks should adapt payment systems and get ready to redenominate loans and deposits in Ecu; local authorities should adopt parking meters to accept electronic payment; retailers should similarly alter vending machines and reduce cash handling as much as possible by introducing modern payment techniques.

Trade and industry should also make allowance for the imminent switch when making investments in new financial and administrative systems and when drafting long-term business agreements.

People should not see such moves as an unnecessary expense," said Mr Maas. "It is a stimulus for more efficiency in all payment systems."

To make things easier, the European Monetary Institute, the precursor to a European central bank, should make public the size of bank notes and coins as soon as possible.

The design and production of Ecu notes and coins will be a lengthy process, according to the committee. It argues that they should be introduced within six months of stage three of European Monetary Union, which will irreversibly fix the exchange rates of participating currencies.

"If the introduction of actual Ecu is delayed for too long, the markets might start to test to see whether the currencies are really irrevocably fixed," said Mr Maas.

He also favours just one type of coin and note, rather than allowing different EU countries to put their own stamp on one side.

"This would increase the time it took to design notes and coins, increase the risk of fraud, increase costs, and prolong production of the new currency," he said.

However, the committee recognises the political and psychological importance of bank notes in spite of the wide-spread use of plastic cards to make payments electronically.

"Wide public support is essential to the Ecu's success. Therefore, the greatest possible attention should be paid to promoting public awareness," says the committee's provisional recommendations.

It believes that national currency notes and coins should be phased out gradually, but with markets being the driving force, rather than administrative decisions.

Tietmeyer sets out tough line on Ecu convergence criteria

By Philip Gawth

Mr Hans Tietmeyer, president of the Bundesbank, yesterday appeared to harden the criteria for European monetary union when he said it was insufficient that countries meet the conditions set by the Maastricht treaty only during a period of economic boom.

He said the Maastricht convergence criteria for economic and monetary union in Europe were to be "strictly observed". "It is crucial that entry into EMU is open only to those countries which meet the criteria in full," said Mr Tietmeyer.

In particular, he said it was not good enough merely to reduce budget deficits to within the agreed limit of 3 per cent of GDP in times of economic boom. Countries needed to hold deficits below the 3 per cent mark during their recovery periods as well.

Mr Tietmeyer was coy about the prospect of Bundesbank co-operation in any proposed monetary union.

His comments come amid renewed discussion recently about the prospect of a multi-speed approach to European integration.

Speaking to the German Bundestag, Mr Tietmeyer also fired a warning shot across the bows of the UK. He said: "Countries that do not have the willingness and the readiness to enter into a broadly conceived and politically consistent community of solidarity should exercise caution in entering a monetary union."

"In the long run, any monetary union which lacks extensive political underpinning is likely to remain a fragile construction."

On the topical question of central bank support for the dollar, Mr Tietmeyer was coy about the prospect of Bundesbank co-operation in any proposed monetary union.

"I welcome any action that is supporting the dollar. We are all interested in a strong dollar, as we are, of course, interested, at the same time, in a strong D-Mark. We have no problem with the strong D-Mark."

He said: "Joint signals to the markets can under special circumstances play a useful role." But he stressed that to be successful, "signals must be based on consistent and credible policies."

In his comments on Ecu, Mr Tietmeyer chose to stress the fiscal aspect of convergence. According to Maastricht, EMU and a single currency would only come about if member states met treaty rules on convergence of inflation and interest rates, budget deficits and government debt.

The 3 per cent fiscal target for budget deficits, Mr Tietmeyer stressed, was "indispensable" for the "inner circle" of countries which would be open to other countries which later satisfied the economic criteria for joining.

He said the deficit needed to be in line with the 3 per cent "upper limit" during the whole economic cycle. "That means during a recovery, clearly you have to be below 3 per cent, and not only to a small extent."

Mr Tietmeyer said it would "not be appropriate" to overshoot the 3 per cent target. It should be seen as a "maximum", rather than as an average.

He endorsed the view that of the two deadlines envisaged in the Maastricht Treaty for transition to monetary union, the prospects for 1999 were better than for 1997. "The chances that a majority of the EU countries will qualify [for EMU] by the end of 1996, as stipulated by the treaty, are not very great at the moment," he said, noting that countries "able" to form a monetary union should do so. "This 'inner circle' would be open to other countries which later satisfied the economic criteria for joining."



Just so much: Tietmeyer in London yesterday

Chirac declares candidacy and defies Ballardur

By Andrew Jack in Paris

Mr Jacques Chirac, leader of the Gaullist RPR party, yesterday became the first serious French politician to declare his intention to run for president of the republic in next year's race.

The surprise announcement allowed Mr Chirac, who is mayor of Paris, to seize the initiative by ignoring the request by Mr. Edouard Balladur, the prime minister, to the centre-right coalition to hold off campaigning until January.

His decision to run destroys any hope among France's political right of offering a single candidate and looks set to split the vote and trigger a bitter election contest.

Mr Chirac, 61, is currently in third place in opinion polls well behind Mr Balladur of the RPR and Mr Jacques Delors, the Socialist candidate and president of the European Commission, who are running neck and neck.

News of the announcement yesterday triggered the RPR to convene an emergency congress on November 12 at which Mr Chirac will press to become the official candidate of the party, in a direct threat to Mr Balladur.

In an unusual move, Mr Chirac spurned the usual practice of announcing his candidature on national television, in favour of giving an interview to the Lille-based newspaper *La Voix du Nord*, the third largest circulation

newspaper in France, with 400,000 copies sold each day.

Mr André Solauf, the newspaper's editor in chief, said he believed Mr Chirac had taken the decision because Lille was the birthplace of General de Gaulle, for whom Mr Chirac is sometimes portrayed as the "spiritual son". He said Lille also symbolised "in France profound outside Paris".

In the interview, Mr Chirac called for the need to "meet the challenges and restore the hope" of France through strong policies and "rigorous ethics". He criticised the "hypocrisy" of current political debate.

He argued for "the necessity of change", and said that economic recovery had not dealt with "the problem of employment which threatens the destruction of society".

Mr Chirac, who was criticised by Mr Balladur's supporters yesterday for acting prematurely, previously stood unsuccessfully for president in 1981 and 1988. He has twice been prime minister.

Five other politicians have announced their candidature for the presidency. They include Mr Jean-Marie Le Pen, head of the National Front, and Mr Robert Hue, leader of the Communist party.

Secrecy, absolute secrecy and five-star hotel bills

Trying to squeeze a response about leaked ministerial hotel bills more pressure than crushing the tomatoes in the Bloody Mary supposedly invented in its bar.

The opulent and secretive Paris hotel broke its silence in a sense yesterday, but only to mutter, under duress: "We have a policy of absolute discretion regarding guests real or presumed."

That might seem ironic given more than a hundred articles in a gleeful British press mentioning the Ritz in the last few weeks in connection with the allegations of undeclared expense-paid stays by two British ministers, Mr Neil Hamilton and Mr Jonathan Aitken, illustrated by copies of their bills.

Even French journalists have been indulging - though arguably out of a sense of schadenfreude, relieved to have something reported on from the growing number of their own politicians and business people embroiled in scandals in recent months.

There again the Ritz, located on Place Vendôme off the fashionable Rue du Faubourg St Honoré in the centre, is rather accustomed to dealing with controversy. Indeed, the hotel - mother of all its more recent and supposedly more reputable residences - was founded on the back of it.

César Ritz, opened his hotel in 1898 in Paris after decamping under mysterious circumstances from his job as manager of the Savoy in London along with his maître d', chief

cashier and chef. They were accused of taking commissions from suppliers and walking off with large quantities of wines and spirits.

Ever since, the hotel has tried nonchalantly to shroud scandal in luxury. Today, it has a Duke and Duchess of Windsor suite, in honour of King Edward VIII, who lived there for three years after abdicating to marry Wallis Simpson. It hosted Goebbels, Goering and other senior Nazis during the second world war, while its director was spying on them for the French resistance.

The extras consumed by the five-star Westminster

hotel, not far from the Ritz in Rue de la Paix, said: "It's absolutely secret. Bills are strictly confidential. All the information is kept on computer and nobody can touch it. The guest would need to fax us and give all the details of their stay."

"It's not very professional of the Ritz," smirked the manager at another rival hotel. "Maybe they should have had to check the information in more detail." He added hastily that he disapproved of the Guardian's action too.

Other hotels were quick to reassure any nervous clients that the records would remain

private. The five-star Intercontinental said: "The accounting department decides. Usually we are not allowed to release bills. We would need to know when you stayed at the hotel and check your address was the same one you gave when you stayed."

The De Crillon, on Place de la Concorde, said: "We don't give out information on bills. If someone asked for a duplicate by phone we would want written confirmation to check room number and the dates of stay to know if it was really the same information that we have."

Perhaps more honestly, the Meurice, opposite the Tuileries Gardens, said: "Bills are personal. We cannot give a copy to anyone. We try to have security but it is difficult. If someone loses their bill and would like a copy we try to investigate but we would also like to help."

Few hotels could offer proof of really tight defences against determined forgers. The chief cashier at the George V Hotel asked simply in response to a request for a duplicate bill for a fax with name, address and date of departure.

Le Warwick, on the Champs Elysées, misunderstood the question posed in English and thought the FT was inquiring about whether the Guardian could be put on to a guest's room bill rather than the bill appearing in the Guardian, said: "We charge the Guardian to the room bill." It then added: "It would not be easy to get a copy of the bill." Hurd hits back, Page 4

As British ministers writhe amid revelations of all-expenses-paid luxury stays in Paris, Andrew Jack puts hotel discretion to the test

Messrs Hamilton and Aitken are no doubt little compared to the bar bills clocked up by Ernest Hemingway, Marcel Proust, Truman Capote, Graham Greene, James Joyce, P Scott Fitzgerald and Jean-Paul Sartre in their day. Hemingway had such fun at the Ritz he once said he hoped Heaven was going to be as good.

There was no evidence yesterday that this week's orders had been released prematurely through the normal distribution channels of any agency.

Agency staff said there was no suggestion of sanctions from other financial data sources, although the potential commercial consequences of

losing privileged early access to economics ministry information were expected to ensure full attendance on November 15. "It's a threat and it's not even thinly-veiled," one correspondent said.

The letter forcefully denied analysts' suggestions, reported in the FT, that the source of the pre-publication information could be the ministry itself. It rejected "any suspicion" that the passing on of figures can be traced to leaks in the ministry.

Mr Franz Wauschkuhn, a ministry spokesman quoted by a German agency as condemning the FT report of possible ministry leaks as "malicious insinuation", could not be

reached for comment. Mr Reinhard Krause, the ministry spokesman who signed the letter, said an investigation carried out yesterday had shown the ministry was not the source.

He also challenged claims that the only information ever leaked came from the economics ministry.

Independent economists, too, pointed out that regional inflation data were routinely transmitted "to any number of banks" in haphazard fashion. "It is about time the Third World standards of German data publication got some attention," one analyst wrote in a note for internal circulation.

INTERNATIONAL NEWS DIGEST

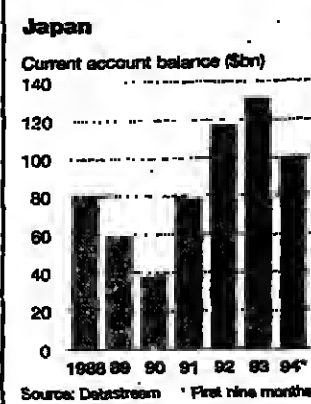
'Cheating' in China ventures

China yesterday accused foreign investors of cheating by overvaluing the worth of machinery and equipment they put into joint ventures instead of cash. The Xinhua news agency said inspectors had, between January 1991 and June this year, discovered discrepancies totalling \$600m (\$305m) between stated and actual value of such goods provided by foreign investors. Inspectors checked 4,940 shipments of machinery and equipment and found the actual value was \$1.8bn, against a stated value of \$2.3bn, it said.

It said one Hong Kong investor provided 15 pieces of equipment to a joint venture in Wuhan, of which two were made in Japan in the 1930s and two made in China in 1969 and 1973, which he said had a total value of \$2.12m. But local inspectors found the value to be \$20,000.

In the first half of this year, 23 per cent of such equipment officially inspected was found to be over-valued, against 25 per cent in 1993, the agency said. Such equipment accounts for an average of 70 per cent of the value of the foreign contribution to a joint venture, with the figure rising to 90 per cent in some areas, it added. *Reuter, Beijing*

Current account surplus down



Source: Datastream First nine months

Japan's current account surplus fell 9.5 per cent in September from a year earlier, the second consecutive monthly decline in the dollar-denominated surplus. The finance ministry reported yesterday that the seasonally adjusted current account balance for the month was \$10.5bn. The country's trade surplus in the same period was \$12.1bn, down by 3.9 per cent on a year ago. Exports rose by 5.1 per cent to \$58.4bn, while imports were up sharply by 15.6 per cent to \$20.7bn. The figures provide further confirmation that the combination of a strong yen and a reviving economy are starting to make small inroads into the country's enormous external surpluses. In the three months to September the current account surplus fell by 6.4 per cent compared with the previous quarter.

In yen terms the surplus has been falling for several months, but until the July-September quarter the dollar-denominated surplus had been rising as the higher yen raised export prices and cut the cost of imports. It now appears that the strengthening currency has begun to be reflected in export and import volumes and, as a result, the surplus is declining in dollar terms.

But the pace of the decline is still painfully slow and is unlikely to take the pressure off the yen, which has reached new highs against the dollar in the last week. *Gerard Baker, Tokyo*

Japanese finance markets plea

Japan's leading banks are urgently pressing the ministry of finance to accelerate the deregulation of the country's financial markets. In a joint submission to the MoF's banking bureau, disclosed in the Japanese press yesterday, the largest commercial banks called on the authorities to enact a list of 80 deregulatory measures soon. Favoured reforms include an extension of the maximum period for certificates of deposit from two to five years and the establishment of a market in five-year government bond futures. Banks also want the MoF to lift restrictions on the opening of new branches and the installation of cash dispensers outside banks, and are urging an expansion of their own highly circumscribed spheres of business activities to include the sale of investment trusts and insurance policies. The MoF is under growing pressure to accelerate the dismantling of the vast structure of regulations that govern financial markets. *Gerard Baker, Tokyo*

Jump in Brazilian inflation

Brazil's inflation rate has risen alarmingly, leading to calls for government action before the country's new currency, the Real, is tainted like its many predecessors by spiralling price rises. The private FIPF institute said yesterday that prices rose 3.17 per cent in October, compared to only 0.82 per cent in September. The acceleration in inflation was blamed on higher real food and beverage prices. Inflation is expected to continue at about 3 per cent in November as companies raise prices ahead of Christmas and in response to a drought. Some economists fear that at these levels of inflation, companies and consumers will revert to monthly price rises to keep up a practice the Real currency was designed to curb. Monthly inflation reached 50 per cent before the Real was launched in July. *Angus Foster, São Paulo*

'Deadlock' over WTO chief

The contest to head the future World Trade Organisation appears to be deadlocked. Mr Kim Chul-su, the South Korean candidate, said yesterday. In Geneva to lobby Gatt ambassadors for his cause, Mr Kim said he did not know how the deadlock would be broken but "I am in this race to the finish". With only a month to go before a formal decision is due to be taken by the 121 members of the General Agreement on Tariffs and Trade, support for the three contenders is split along regional lines. Japan and most of Asia are backing Mr Kim, South Korea's trade and industry minister, while the US and Latin America are firmly behind Mr Carlos Salinas de Gortari, outgoing Mexican president. European support has gone to Mr Renato Ruggiero, a former Italian trade minister. Soundings last month among 80 or so countries showed Mr Kim in third place, slightly behind Mr Salinas, who was trailing Mr Ruggiero. All three candidates are now jostling for support from "non-aligned" regions such as Africa and for "second-preference" votes in the hope of improving their chances as the consensus candidate. *Frances Williams, Geneva*

Call to Clinton on oil tankers

Six US congressmen have appealed to President Bill Clinton to delay the implementation of tough new rules on oil tankers sailing to US ports. The rules, which impose much higher financial liability on tanker owners in the event of an oil spill, could cause serious disruption to American oil imports, the congressmen from both political parties warned. International shipowners' organisations have been lobbying for several months for a change or postponement in the US Coastguard's regulations which take effect on December 28. *Charles Batchelor, London*

Slovakia curbs sell-offs

Slovakia's parliament has voted to cancel all privatisation contracts involving direct sales of shares in state companies to private investors agreed since September 6. The move could herald another round of ill-fated investigations of corruption in the country's fragile privatisation drive. It came as Mr Jozef Moravčík, the prime minister, tendered his government's resignation following a general election five weeks ago. He agreed to stay on as caretaker until a new government is formed. The privatisation vote affects only a relatively few contracts signed during election campaigning, in which the government agreed to sell stakes in state companies directly to mainly local investors. It does not affect a more wide-ranging sell-off involving the use of coupon shares in other state companies, which is currently being administered. However, observers in Bratislava fear it could start another wave of investigations into political favouritism in privatisation, similar to one carried out by Mr Moravčík's government when it assumed office in March, and could fresh delays to a programme beset by political controversy. *Vincent Boland, Prague*

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مكتبة الأصيل

New Delhi bolsters securities watchdog

By Shiraz Sidwa in New Delhi

The Indian government yesterday gave more teeth to the Securities and Exchange Board of India (SEBI), its stock-market watchdog, by announcing regulations intended to provide greater transparency during substantial acquisitions of shares and takeovers.

Under the new rules, any investor holding or acquiring 5 per cent of a company will have to make one-off disclosures to stock exchanges where the shares being purchased are listed. Those with 10 per cent holdings will have to make half-yearly disclosures.

Those intending to acquire 20 per cent of a target company may be required to make a public announcement. Officials said the regulations would provide trigger points for disclosure, while giving the board more power to supervise takeovers and acquisitions in a newly liberalised economy.

The exchange board was set up in 1992 amid the chaos that followed the multi-million-dollar stock market scandal in Bombay, the country's largest exchange.

Bankers and stockbrokers continued to use inside information and money illegally diverted from interbank securities to play on Bombay's then overheated stock market. News of the scandal sent share prices diving, and challenged the credibility of Mr P V Narasimha Rao's government.

In the first few months after it was set up, decisions taken by the securities board, such as the introduction of brokers' fees in November 1992, met resentment and countrywide strikes. In March 1993 a row erupted between the Bombay stock exchange and the board over the SEBI's first inspection of stockbrokers' books.

Brokers complained of its heavy-handedness, and said it would stifle growth. But the Finance Ministry was determined to make the board more powerful to avoid yet another scandal erupting.

The board proved it had come into its own when it banned the age-old practice of badli, or carry-forward trading on the stock exchange, in 1993. Under the badli system, brokers and buyers could carry outstanding purchases from one settlement period to the next without paying for them in full, and so acquire large volumes of shares with relatively little money.

The informal forward market, which accounted for 70-80 per cent of all transactions before the ban was imposed, allowed for liquidity of cash in the market, with buyers and sellers always able to strike a deal at any price. But the practice encouraged speculation and stunted growth of the Indian stock markets, some of which are older than developed countries' exchanges.

The ban, followed by the appointment of a new chairman, Mr S S Nadkarni, to head the board, paved the way for Indian stock markets to start operating like their international counterparts. While trading began to pick up, with buyers having to pay for shares, speculators who made millions milking the system were weeded out.

Greyhound's buses near end of the road

By Richard Tomkins in New York

Like chewing gum, jeans and Coca-Cola, Greyhound Lines is an American icon. For decades its silver and blue buses have criss-crossed the vast open spaces of the US, linking small towns with the big cities and providing an evocative backdrop to scenes of meeting and parting in countless Hollywood movies.

The buses, however, may not be around much longer. Greyhound is on its knees: on Wednesday a group of disgruntled creditors filed a petition in a Dallas court seeking to force the loss-battered company into bankruptcy.

In one sense Greyhound's troubles are a bit of a puzzle. As the only nationwide provider of long-distance bus services in the US, it enjoys an enviable niche. It serves more than 2,600 destinations with a fleet of 1,987 vehicles, and collected \$668m (\$406m) in revenues last year.

But Greyhound has been struggling for years. Even bankruptcy would be nothing new to the company; it only emerged from its last reorganisation in October 1991 after spending a year protected from its creditors under Chapter 11 of the federal bankruptcy code.

Born in rural Minnesota 80 years ago, Greyhound had its heyday in the 1940s and 1950s, when it accounted for nearly half the journeys made

between US cities. But like bus operators all over the developed world, it began to suffer a decline in patronage as levels of car ownership rose.

Cheap petrol, making car journeys an economical alternative to bus travel, exacerbated its difficulties. But its problems multiplied in 1978 when the US deregulated its airline industry, introducing an era of fare wars between rival airlines on domestic routes and putting air travel within the means of the less well-off.

Under pressure from airline competition, annual passenger mileage

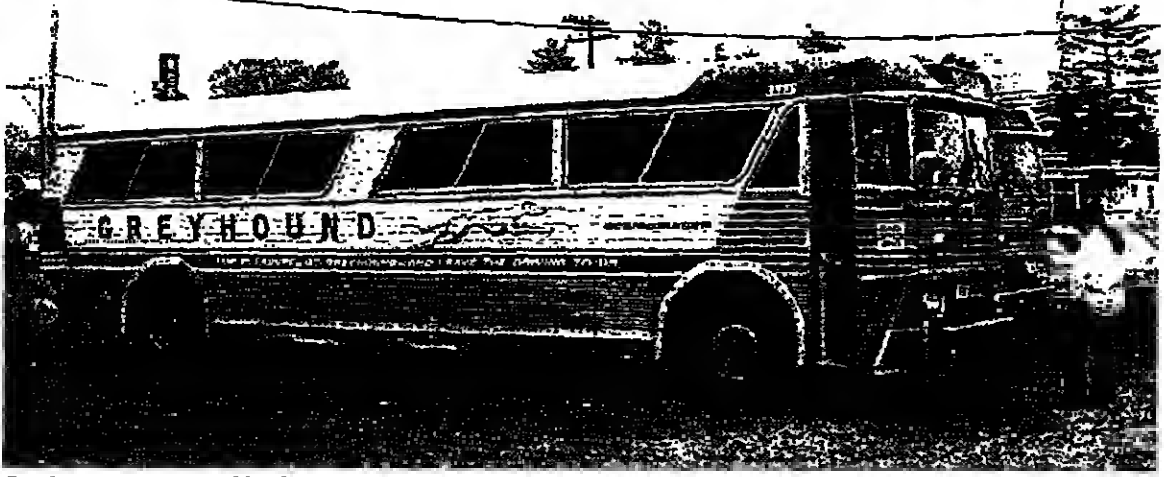
slumped from more than 10bn in 1981 to 6bn in 1986. Drivers took a 35 per cent pay cut to help get fares down and keep Greyhound going. But the parent company, since renamed Greyhound Dial, saw no future in the bus business and sold it off to a buy-out team in 1987 for \$350m.

The new management turned Greyhound Lines inside out, stripping away layers of management, slashing fares, launching aggressive marketing campaigns and investing heavily in the refurbishment of run-down city centre bus stations. The changes

began to pay off, bringing traffic back to 7.5bn passenger miles in 1989. But under continuing pressure to cut costs, the management fell into a wage dispute with its drivers.

The dispute was to turn into one of the bitterest and most violent strikes in US labour history. Although Greyhound kept going, using replacement drivers, many of its buses were shot at. This proved unpopular with passengers, and the resulting decline in traffic took Greyhound into bankruptcy in June 1990.

The Greyhound that emerged from



Greyhound's silver and blue buses have become an American icon, on a par with chewing gum, jeans and Coca-Cola

Resolution of HK airport row near

By Simon Holberton in Hong Kong

The end to Hong Kong's protracted dispute with China over the financing of the colony's HK\$158bn (£12.6bn) airport project appears in sight after Britain and China signed an agreement yesterday which finally settled the financial structure of the project.

The Hong Kong government was hopeful last night that China would approve the final details of the financial plan, possibly as early as next week. Sir Hamish Macleod, the colony's financial secretary, said he was "enthusiastic" to build on yesterday's agreement in talks which resume on Wednesday.

The dispute over financing surfaced in late 1989 when the Hong Kong government said it would push ahead with the project in an effort to boost confidence in the wake of the Tiananmen Square massacre in Beijing, China, which never recognised the need to boost confidence, objected to the cost of the project from the outset.

Yesterday's accord has cleared the way for the government to approach the Legislative Council for HK\$23bn of equity finance for the airport railway. It plans to begin this process next Friday.

However, the agreement fell short of being comprehensive, as China wished to deal separately with two ancillary agreements between the government and the corporations building the airport and the railway. These will allow the Mass Transit Railway Corporation (MTRC) and the soon-to-be incorporated Airport Authority to approach financial markets to borrow up to a further HK\$23bn.

According to yesterday's joint statement China understood the importance of these agreements, known as financial support, agreements, and undertook to give its assent as soon as possible. It was hoped that the MTRC's support agreement could be settled next week.

It is important for the MTRC that an accord is reached soon. It has been largely absent from public bond markets for the past two years.

The long-running dispute over finance has not materially delayed the project. Over the past three years the government has awarded 73 construction contracts worth HK\$3bn for works related to the airport and its ancillary projects. In all, 11,000 people are employed by the project.

Sir Hamish said the government would endeavour to complete as much of the airport and its railway as possible before British rule ceased in mid-1997. As part of yesterday's agreement it undertook to review timing and financing of the project with China during the second half of 1996.

Republicans ride the Tennessee bandwagon



US MID-TERM ELECTIONS November 8

Tennessee has been one of the US boom states of the last 15 years, a magnet for Japanese investment and a centre for fast-growing health-care companies.

The unemployment rate is 4.7 per cent and falling. But you would not know it from the mood of many of the state's voters, who are threatening to take out their annoyance on incumbent politicians in Tuesday's elections.

"Incumbents are just not getting the job done," complains Mr Tom Brewer, a Nashville bus driver.

"It's anti-incumbent, anti-Washington, anti-Clinton, anti-Hillary Clinton, frankly... sort of an anti-mood, really," says Mr Will Lang, who chairs the local Republican party in the Nashville area.

Anti-incumbency seems to be taking its toll at all levels of government. "We had one sheriff in for 12 years. When he came out he had three or four farms and when he went in he didn't have a thing, so we don't need him any more," says Mr James Gwin, a barber in Camden, just west of the Tennessee river.

But the most prominent victim could be at the top of the ticket: Democratic Senator Jim Sasser.

After 18 years in office, Mr Sasser chairs the Senate budget committee and is widely expected to succeed retiring Senator George Mitchell as leader of the Senate Democratic majority in the next Congress - if the Democrats hold the majority and if he can win re-election against Mr Bill Frist, a heart surgeon and political neophyte.

Both Tennessee's Senate seats are up for election this year, but everyone expected the Republicans to concentrate their efforts and their strongest candidates on the race to

fill the remainder of the term arising from Mr Al Gore's switch to vice-president.

Sure enough, Republican Fred Thompson appears to hold a lead over Congressman Jim Cooper, the Democratic candidate. But Mr Frist has surprised most by eating away at Mr Sasser's candidacy, and a Mason-Dixon poll released this week showed him ahead for the first time, by the slender margin of 44 per cent to 42 per cent.

Incumbents are feeling the winds of change, writes George Graham

Like many other states in the south, Tennessee has seen a revival of the Republican party, which since the civil war had been frozen out of political office.

But as the old style right-wing southern Democrat dies off, Republicans have been making inroads, even in county courthouse elections.

"I don't think the label is going to hurt you that bad any more," says Mr Bennie Castleman, who believes he is only the second Republican commissioner elected in the last 100 years in Weakley County, north-west Tennessee.

"The south one day will be Republican, there's no doubt in my mind. When it will be, I don't know."

Tennessee is not a purely southern state. Its eastern counties, and some areas in the west of the state, joined the Union in the civil war and have continued to vote Republican ever since. That offered the Republicans some of their first advances in the south, and in the 1970s Governor Winfield Dunn and both US senators were Republicans.

"Tennessee has been historically Democrat-controlled for

so long that the change didn't take, but people are ready for it now and they are organised well," says former Governor Dunn.

"We're a border state and neither party has a clear majority. They vote for the person and that's the way it ought to be," says Governor Ned McWherter, the popular politician who defeated Mr Dunn in 1986 and who is retiring at the end of this year.

Mr Sasser is fighting back with some old-fashioned politics, combining virulent mockery of his opponent with unabashed pork barrel promises. Warning farmers that next year is likely to see an overhaul of agricultural laws, Mr Sasser fears that "the closest place Dr Frist ever got to a farm is the 18th hole of the Bellevue country club".

And he touts the advantages to the state of having the majority leader, promising that, with his help, a \$2.5bn (\$1.5bn) wind tunnel that the government plans to build will come to Tullahoma, near Chattanooga.

But the mudslinging in the campaign has had its creative side. The Sasser campaign's Hal-lowe-en party was enlivened by Mr Frist's admission that as a medical student he had adopted cats from the local stray animals' home for his experiments.

All the signs are that Mr Sasser, after a slow start, is now getting into his stride. Heavy participation in early absentee voting - an estimated 12 per cent of registered voters have already cast their ballots in the Nashville area, and in rural Benton county, just west of the Tennessee river, the level is closer to 20 per cent - suggests turnout will be high.

"I think it'll be a big vote statewide, and a big vote means one thing - advantage to the incumbent," says Mr Jerry Phifer, former sheriff of Benton County. But it may be too late to stop a bandwagon that seems likely to carry a lot of southern Republicans into office.

Coleman hardens support in Virginia

By Jurak Martin in Washington

Mr Marshall Coleman, the independent candidate in Virginia who was expected to draw votes away from Mr Oliver North, the Republican, is now inflicting more damage on Senator Charles Robb, the Democratic incumbent, according to two new state polls.

The surveys both had Mr Robb in the lead, but by statistically insignificant margins.

Both found that Mr Coleman, a former Republican lieutenant-governor and, on most issues, an orthodox conservative, was hurting Mr Robb nearly twice as much as he was Mr North. The director of one of the polls said Mr Coleman's support was hardening and his campaign manager even predicted a surprise on Tuesday.

Mr Coleman appears to have scored by emphasising the character defects of both party candidates - Mr North for his involvement in the Iran-Contra affair and Mr Robb for his admitted personal infidelities. But Mr North's adoring hardcore right-wing support, while not constituting a majority, appears solid and may be understated by a few percentage points, whereas the senator's is notoriously soft.

Meanwhile, another keenly watched Senate race - in California between Senator Dianne Feinstein and Republican Congressman Michael Huffington - has taken a new twist following reports that the senator may have hired an illegal immigrant as household help.

Mr Huffington, who has already confessed to the same offence, rushed out a TV commercial claiming Ms Feinstein had "flat out lied" in denying she had done the same. But the Immigration and Naturalisation Service came to her aid by saying the report appeared to be based on a case of mistaken identity.

Nigeria appeal court grants bail to Abiola

By Paul Adams in Lagos

Nigeria's court of appeal yesterday granted unconditional bail to Mr Moshood Abiola, the winner of last year's annulled presidential election, who has been detained by the military regime on charges of treason for declaring himself president in June.

The ruling offers an unexpected release for Mr Abiola until the resumption of a trial which has been stalled since September.

"I am optimistic that he is going to be released and we are expecting him home very soon," his wife, Mrs Kudinat Abiola, said in Lagos yesterday. "The ruling shows that we can still have faith in the judiciary."

Mr Abiola's doctor met officials from Gen Sani Abacha's government in Abuja, where he is being held, to discuss his release, which could allow him to travel to Europe for medical treatment, Mrs Abiola said.

Although the appeal court ruling appears to be a reverse for the government, the decision may provide a convenient way out of political deadlock for both sides.

Since the government saw off a strike by the powerful oil workers' union two months ago, the pro-democracy movement has collapsed, even in Mr Abiola's native south-west, leaving him in jail and without support.

A freed Mr Abiola inside



Moshood Abiola: trial stalled

Nigeria would be an embarrassment to the military, but they would be less concerned if he were abroad. According to the Nigerian medical association, Mr Abiola suffers from chronic high blood pressure and has suffered a back injury in jail and needs to be released for treatment.

"His health has been deteriorating. The treatment which he needs is not available in Nigeria," Mrs Abiola said. "He will have to go abroad. We have a list of hospitals in Europe and I am sure that the government will allow him to travel."

In August Mr Abiola refused bail that was offered on condition that he avoided any political activity.

The appeal court did not impose conditions for Mr Abiola's bail but advised him against causing any civil disturbance while on bail.

Japan grapples with law of the gun

A string of violent crimes has shaken citizens, writes Michiyo Nakamoto

Repeated screenings on national news programmes of the blood-stained Aomori Yokocho train station in south Tokyo where Dr Takejiro Okazaki was apparently gunned down by a former patient last week have reminded viewers that Japan may not be as safe as they imagine.

Japan has long prided itself on the safety of its streets and the reliability of its police force, if not to halt crime then at least to contain it in certain neighbourhoods. However, a string of violent crimes against citizens, such as the murder of Dr Okazaki, has shaken confidence in the force's abilities.

The branch manager of Sumitomo Bank in Nagoya, the president of a video distribution company in Kyoto and the head of a toy company in Tokyo are among a growing list of victims of fatal attacks this year. What has particularly shocked the public is that more crimes are being committed with guns.

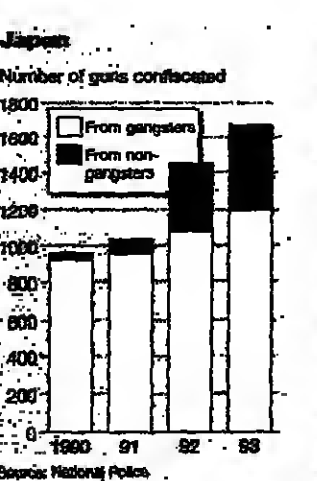
"The murder of Dr Okazaki sent a strong message to citizens that gun use is more widespread than most had sus-

pected. According to the national police, 1,672 guns were confiscated last year, 73 per cent more than the 968 weapons taken by police three years earlier.

The rising number of gun-related crimes in Japan is widely seen as a consequence of several factors combining to ease access to weapons: the country's growing internationalisation; the ripple effects of the collapse of the former Soviet Union; and the greater pressures Japan's gangsters are feeling in the face of a police crackdown and the burst of the bubble economy.

"The illegal spread of guns is a key result of internationalisation," the National Police Agency recently claimed. One new source of firearms, for example, has been the growing number of ships carrying Russian tourists and businessmen.

Prof Kazuo Shimada, of the sociology department at Kawamura Gakuin Women's University, points out that these ships and others from China and Taiwan are used as a channel for illegal imports, including guns. The arms are believed to be offloaded at sea,



rather than after the ship has docked, thus making it difficult for Japanese police to stop the trade.

"Japanese society is feeling the after-effects of the collapse of the former Soviet Union and the end of the cold war," he says. Many of the guns coming into Japan belong to Russian soldiers who no longer had a use for them.

Nevertheless, it is unlikely that such external changes would have opened Japan's

doors to so many guns and increased gun-related violence if it were not for the profound social changes taking place within Japan in the aftermath of the rapid economic growth seen in the late 1980s.

The economic slowdown affecting corporate Japan has hurt the underworld as well. Gangsters, who had mostly confined violent crime to the underworld, are turning to the street against the man in the street and selling firearms to raise cash.

According to the police, the last time there was a surge in gun smuggling was in 1984, when demand soared as two gangs fought for supremacy. But the recent introduction of an anti-gangster law has made it increasingly difficult for criminals to make a living from such traditional sources as prostitution and protection rackets.

Recent murders of company executives and bankers, for example, are widely believed to have been carried out by gangsters unable to extort money from them, as they would have done a few years ago.

Meanwhile, more gangsters

are leaving the underworld as existence there becomes less easy. But their attempts to start a new life have triggered violent responses from gangs, Prof Shimada says.

More worrying is the fact that the crime gangs' financial woes are forcing them to sell guns to citizens to make ends meet.

For example, police have arrested a gangster for selling a Russian-made Tokarev pistol and seven bullets for ¥1.4m (£8,900) to the man accused of shooting Dr Okazaki. In the past, gangsters would not have sold guns to citizens, Prof Shimada notes.

The number of guns confiscated from non-gangsters increased more than tenfold from 45 in 1980 to 476 last year. In response, the National Police Agency designated October as an anti-gangster and gun control month.

"The two pillars of Japan's gun policy should be to cut off supplies from overseas and eradicate illegal ownership of guns within Japan," the agency says. "Gun control is crucial in securing the safety of this country."

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NEWS: UK

Royal Mail flouts pay freeze with 3.4% offer

By Robert Taylor, Labour Correspondent

Britain's postal workers have been offered a 2.8 per cent pay rise by the Post Office from November 1 which will rise to 3.4 per cent from January 1 1995 in a clear breach of the government's three-year public-sector pay bill freeze.

The Royal Mail described the deal yesterday as a "reasonable settlement within the government's

public-sector pay guidelines". But the proposed wage settlement will add about \$51m to the Post Office's current pay bill, a 2.7 per cent increase in a full year.

The Union of Communication Workers is balloting its 160,000 members at the Post Office with a recommendation for them to accept the offer. The Post Office said it was made up of a 2.5 per cent increase on basic rates plus 0.3 per cent for past productivity improvements.

A £150 a week supplement is to be consolidated into basic pay from January 1, adding a further 0.6 per cent to earnings. This will mean a total pensionable pay rise of 3.4 per cent for postmen and women.

Mr Alan Johnson, the union's general secretary, said in a letter sent to his union's officers yesterday that the offer was "by far the best negotiated settlement in the public sector" achieved by any group of workers this year and "as far as the Royal

Mail deals are concerned, it is the biggest increase over inflation in recent years".

Mr Chris Trinder, head of the independent Public Policy Foundation, said: "It looks as though the government has turned a blind eye to their own pay guidelines in letting this offer through. Ministers appear to have drawn a lesson from the rail signallers' dispute and decided not to interfere".

The proposed pay deal does not

exclude any further increases that the union UCU might be able to negotiate with the Post Office over productivity improvements in the period to next October, when the current agreement will end.

Mr Johnson has told his officials: "There are no strings or conditions attached and acceptance of this deal will allow both sides to return to the negotiating table to discuss the union's separate claim on hours of work, job security and productivity."

Last week firefighters were awarded a 2.2 per cent pay rise in line with their wage formula, indexed to the upper quartile of male manual earnings.

The police have received at least 3 per cent under their wage formula while the civil service has had increases of less than 2 per cent. Bank of England staff have secured increases of between 7 per cent and 8 per cent but these have all been self-financing.

MPs split on week's damage to Major

By David Owen

Tory backbenchers were sharply divided yesterday over the impact of this week's Post Office retreat on Mr John Major's personal standing.

Some rightwingers declared openly that the climbdown had further undermined the prime minister's authority.

Others joined the rebels who blocked the privatisation plans in suggesting that ministers could yet turn the situation to the government's advantage. Some MPs felt that Mr Major's handling of the recent sleaze allegations had been much more damaging.

Mr Bill Walker, MP for Tayside North, said the situation after the climbdown was "desperately serious. It is much more serious than just a loss of face - it will affect party morale and party determination".

He added: "It hits right at the heart of what our policy has been in all our years in government. Either we believe in what we do or we don't."

Asked whether he thought the retreat had increased the chance of a challenge to Mr Major's leadership next year Mr Walker said: "It has undermined the prime minister's authority and the authority of the cabinet. That can only lead to demands for change."

Another rightwinger predicted that if the party was still "on the shoots" in six to 10 months backbenchers would start panicking. In such circumstances a new man might "strike a chord" with the public.

Sir Keith Speed, MP for Ashford, who opposed the planned privatisation, said he thought the government could "turn this into a very positive thing indeed". He said: "I don't take the view that this is yet another nail in [Mr Major's] coffin. I don't actually think it weakens him at all".

Mr Richard Shepherd, the Euro-sceptic MP for Aldridge Brownhills, said the prime minister should be "more relaxed" about the climbdown. "I think he can make a virtue of it."

But he said the handling of the recent allegations of ministerial impropriety had prompted "grave doubts" about Mr Major's standing in some parts of the party.

Mr Bill Cockburn, the Post Office's

outspoken chief executive, vowed yesterday to strike hard at the Treasury to gain greater commercial freedom for the Royal Mail in spite of the collapse of plans to privatise the industry at Thursday's cabinet.

"We're fighters not quitters," the ebullient Mr Cockburn said of himself and his senior management. He dismissed out of hand calls for him to stand down because of the high profile he and Mr Michael Heron, the Post Office's chairman, had taken in Mr Michael Heseltine's campaign to win over Tory backbenchers to the cause of privatisation.

Mr Cockburn is determined to sustain momentum behind the current Post Office review, to gain the Royal Mail greater commercial freedom. He wants in particular to slash the levy - estimated at £213m next year - which the Post Office has to pay the Treasury out of its profits.

Anxious that the status quo should not become the inevitable consequence of cabinet inertia - as some on the Tory right might like, to prove they were right about privatisation - Mr Cockburn cited the government's July green paper, which came out in support of selling off 51 per cent of the Royal Mail but also listed areas where greater commercial freedom could be given if the Post Office remained in the public sector.

Mr Cockburn said: "We urgently need to squeeze as much juice as we can out of those bits of the green paper, on a case by case basis. Slow decline need not be the consequence of the decision to drop privatisation, but it will be unless we make real headway on this."

With pre-tax profits last year running at £306m, the Treasury levy takes the lion's share of the Post

Andrew Adonis talks to the chief executive about his determined drive for change

Office's spare cash. The levy has been rising sharply - up from £182m last year to £239m this year.

Mr Cockburn said: "This can't continue. We will be saying to the government: 'If you bleed us white, we will not be able to deliver a first class postal service'. That must mean leaving us with more of our profits to re-invest."

He pointed to a green paper paragraph which states that even if the Post Office remains in the public sector, its existing Treasury levy could be "effectively set as a dividend in relation to prospective profitability". Since the levy is about twice as large as a reasonable dividend payment, that implies a cut of about half for next year, leaving the Post Office with about £100m extra for investment.

Mr Cockburn will have no difficulty spending the extra cash. "We are planning to invest around £350m in the coming year, but to keep our existing service modern - with better sorting facilities and the like - we need to be investing between £20m and £100m more."

Talks with Mr Heseltine and the Treasury start in earnest in the next few weeks. Mr Cockburn will be citing the other suggestions in the green paper:

- That the Post Office could be freed from its overall capital spending limit.
- That the existing efficiency target

for Royal Mail could be replaced by a direct control on prices, allowing the business to keep more of the gains from greater efficiency - although in practice price restraint would be bound to follow unexpected efficiency gains.

Gaining greater control of money is only one of the changes sought by Mr Cockburn. He sees freedom to engage in joint ventures, and to develop new lines of business, as equally vital.

He said: "We are not saying we want to set up a chain of Royal Mail ice cream shops but we do need to be able to move into other areas of the communications industry, and have to be allowed to make purchases and forge joint ventures, on a case by case basis."

Some of the new activities envisaged by Mr Cockburn are core even to the existing mail business, such as trunk airline distribution systems to deliver international mail more efficiently. Others concern new communications technologies, notably electronic mail and printing systems enabling the Royal Mail to take on combined printing and delivery contracts for the corporate sector.

Mr Cockburn cites the example of Sweden Post, the state-owned Swedish post office, which has bought concerns engaged in the electronic mail field. "We must be able to provide our customers with a one-stop shop service, and be allowed to get into the new communications world."

For Mr Cockburn the progress of British Telecommunications is ever more galling. Barely a week passes without BT, which used to be part of the old Post Office, announcing a joint venture or an international scheme. By contrast the Royal Mail still needs government approval for all investments of more than £20m.



Bill Cockburn, the Post Office's chief executive, plans to take on the Treasury

More than one way to skin a public-sector cat

By Kevin Brown and David Owen

The cabinet's refusal to back Mr Michael Heseltine's plan to sell parts of the Post Office has prompted a widespread view at Westminster that 15 years of Conservative commitment to privatisation are over.

Not everyone agrees. Mr Kenneth Clarke, chancellor, was among the powerful figures arguing yesterday against the view that the government no longer has the stomach to force contentious privatisations through an unwilling parliament.

But others pointed out that the question might not matter. For one thing there is little left

to privatise, for another, the government has developed equally powerful and less controversial ways of changing the delivery of services.

Mr Daniel Finkelstein, director of the Social Market Foundation think-tank, said: "The heroic phase of privatisations is over, but a gradualist phase which could ultimately be more radical and have more profound implications has begun. In terms of privatisation policy, power is passing from the Leninists to the Fabians."

Most of the big privatisations have already happened. In 21 major sales, starting with the first tranche of BP shares in 1979, the government has dis-

posed of most of the big public-sector companies and utilities inherited from Labour.

According to the Treasury more than 50 enterprises remain in public ownership. But most are either arms of bureaucracy, such as the Central Office of Information, or scheduled for privatisation, such as British Coal and the railway companies.

Few straightforward businesses remain. The BBC, Channel Four, and a number of local authority airports and transport companies could eventually be candidates for privatisation.

But ministers have for several years been moving towards a successor policy to

old style privatisation, based on introducing competition to services which continue to be provided by the public sector.

There are three main elements: ● Agencies. At the last count 99 agencies covering 350,000 civil servants had been set up under the Next Steps programme, launched by Baroness Thatcher in 1988. They range from the social security benefits agency, with 65,000 staff, to the Wilton Park conference centre in Sussex, which employs 30.

The agencies cover activities as diverse as weather forecasting, issuing passports, and support services for the armed forces. Ministers have identified a further 67 candidates for

agency status, covering another 96,000 civil servants.

● Contracting out. Under the market testing programme a range of government activities are put out to competitive tender. Public-sector units are allowed to compete, but often lose to more street-wise private companies.

The government's latest market testing bulletin, aimed at potential private-sector bidders, lists 59 contracts awarded by tender, ranging from payroll services for the Overseas Development Administration to computer maintenance for the recruitment and assessment services unit.

A further 72 contracts are being advertised and ministers

have set out a future programme covering activities as diverse as the agriculture ministry's reprographic services and the Queen's Flight.

● Private finance initiative. Launched by Mr Norman Lamont, the former chancellor, the initiative has attracted only £500m of private capital into public projects since 1992, mainly because of uncertainty about rates of return.

But there is mounting feeling in Whitehall that the scheme is gathering momentum. A £150m computer system to hold records on National Insurance contributors will be the first project of its kind to be funded through the initiative.

Hurd attacks media 'culture of criticism'

By Kevin Brown, Political Correspondent

Mr Douglas Hurd, the foreign secretary, yesterday launched an outspoken attack on declining standards in the media as the government sought to fight back against allegations of impropriety swirling around Conservative MPs.

Mr Hurd, the cabinet's elder statesman, threw his weight solidly behind Mr Jonathan Aitken, the embattled chief secretary to the Treasury, warning that media standards were slipping fast.

His comments coincided with a tough statement from the Association of British Editors complaining of "threats and increasingly intemperate attacks" by ministers.

The association, which represents national and regional newspapers and magazines, called on editors to continue to throw more light on the workings of the government.

Speaking to Conservatives in Perth, Mr Hurd accused journalists of hunting in packs and developing a "culture of criticism in which achievements were being used to distort."

Arguing that the media was the British institution that had "deteriorated fastest" in recent years, he said there was "too little independent judgment, too little objective description".

In a direct reference to the methods used by The Guardian to uncover details of Mr Aitken's stay at the Ritz hotel in Paris, owned by Mr Mohammad Fayed, he asked: "Is it a brave defence of our liberties for an editor to authorise the faking of a House of Commons crest through a fax machine? Is it a fearless blow for truth when a journalist forges the signature of a civil servant to get what he wants?"

Mr Hurd's robust condemnation of media standards underlines concern among senior ministers about the impact of the stream of sleaze allegations on the government's standing.

Mr Hurd warned MPs to remain "above approach," and conceded that the government would have to join the debate initiated by the Nolan committee on standards of behaviour in public life.

"Personally I have no difficulty with the idea that MPs should be part-time farmers, lawyers or businessmen. It enriches the contribution which the MP makes," he said.

But his prime responsibility must be to represent his own constituents, not to act on the interests of those who pay him an additional, extra-Parliamentary, salary. We to public life must, and be seen to be, above reproach."

UK NEW CAR REGISTRATIONS - JANUARY-OCTOBER 1994

	October 1994	Oct 93	January-October 1994	Jan-Oct 93
	Volume	Change%	Share%	Share%
Total market	122,226	-3.0	100.0	100.0
UK produced	52,968	-6.5	43.2	44.9
Imports	69,258	-0.1	56.8	55.1
Japanese makes	14,309	-7.9	11.7	12.3
British/Business	65,931	-6.7	53.8	52.4
Private/Police	65,625	-11.5	49.2	50.6
Ford group	27,478	-0.1	22.5	21.7
- Ford	20,228	-1.0	21.3	21.4
- Jaguar	658	-84.0	0.5	0.3
General Motors	21,534	-9.0	17.6	18.7
- Vauxhall	20,973	-8.8	17.1	18.2
- Saab	561	-10.6	0.5	0.5
BMW group	18,974	-7.8	15.4	16.2
- Rover	16,043	-3.6	13.1	13.2
- BMW	2,931	-24.7	2.3	3.0
Peugeot group	15,897	-13.4	11.4	12.7
- Peugeot	15,855	-13.0	11.4	12.7
- Citroen	4,344	-20.9	3.6	4.4
Volkswagen group	7,196	-19.3	5.9	4.7
- Volkswagen	4,767	-26.7	3.9	2.8
- Audi	1,187	-17.7	1.0	1.1
- SEAT	623	-11.4	0.5	0.4
- Skoda	618	-14.0	0.5	0.4
Renault	6,149	-18.7	5.0	5.5
- Nissan	4,094	-20.4	3.3	3.4
Flat group/it	4,117	-23.7	3.4	2.5
- Fiat	4,003	-28.1	3.3	2.5
- Alfa Romeo	113	-34.7	0.1	0.1
Toyota	2,288	-17.0	1.9	2.7
Volvo	2,193	-1.7	1.8	2.1
Honda	2,807	-7.4	2.3	2.1
Mercedes-Benz	2,436	-3.0	1.9	1.7
Mazda	1,481	-11.8	1.0	1.1

UK holds 20% of total European and has increased market share. *Includes Renault, Peugeot, Nissan, VW holds 31% of Spain and has increased market share. **Includes Renault, Nissan, Peugeot, Ford holds 31% of Spain and has increased market share. Source: Society of Motor Manufacturers and Traders

Rover to boost parts purchasing

By Kevin Done, Motor Industry Correspondent

Rover Group, the leading UK carmaker, is to increase the value of its components purchases by £500m or 18 per cent next year to £3.25bn, Mr John Towers, chief executive, said yesterday.

The group, a subsidiary of BMW of Germany, is expected to raise production significantly next year as a result of rising sales and several new model launches.

UK suppliers will benefit most, as they account for about 80 per cent of Rover's components purchases, which will total £2.75bn this year.

Last month the company said that it was creating 1,450 jobs at its British plants in response to rising sales, in particular in export markets.

Next year it will launch replacements for its 200/400

range as well as a new range of MG sports cars as part of its five-year, £1.5bn investment programme.

Rover increased production 18 per cent in the first nine months this year to 355,860 from 306,196 in the same period a year ago.

Output for the full year is expected to rise to about 482,000 from 430,200 last year. Mr Towers forecast recently that production would rise significantly above 500,000 next year.

Rover is continuing to rationalise its supplier base. It has already reduced the number from about 2,000 in 1989 to 700.

About 350 core suppliers account for 75 per cent of Rover's purchases. The company said yesterday that it was seeking to reduce the number of its suppliers to 360 in the next three years.

Threat of Lloyd's challenge grows

The possibility increased yesterday that Lloyd's of London will face a legal challenge to its plans for ensuring damages won in court by loss-making Names - individuals whose capital backs the insurance market - are used to settle their outstanding debts.

The Association of Lloyd's Members said it had received legal advice that planned changes to Lloyd's rules on debt recovery may be beyond its legal powers.

A minor fire in a gas turbine caused the evacuation of the Claymore oil platform in the North Sea on Thursday night.

The incident at the platform, operated by Elf Enterprise, temporarily halted the flow of 120,000 barrels a day of oil from five other fields which send oil via Claymore.

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NUT seeks talks to avoid continued tests boycott

By John Aitken

The National Union of Teachers said yesterday that it would continue its boycott of national curriculum tests in England and Wales for a third year.

Mr Doug McAvoy, general secretary, said a survey revealed strong opposition to the measures announced in September by Mrs Gillian Shepherd, the education secre-

tary. But he asked for talks with Mrs Shepherd to avert a boycott.

All three of the main teachers' unions refused to oversee tests for 14-year-olds when they were introduced in 1993. The NUT was the only union to continue its action earlier this year.

The survey, which covered NUT members in schools which must administer the tests, found that 84.4 per cent of respondents dis-

agreed with Mrs Shepherd's claim that the tests would "reinforce teachers' professionalism".

More than 90 per cent rejected her package of improvements, which included allowing for tests to be administered by external markers, saying it had not met their central concerns.

The NUT found strong opposition to the use of test results for publishing "league tables" of schools' perfor-

mance. Turn-outs among members affected was 25.4 per cent.

Mr McAvoy made it clear that he hoped to end the boycott after talking to Mrs Shepherd. He said: "She has a political imperative and we have an educational imperative. It might be possible to get the two together."

Other teachers' unions doubted whether the NUT's stance could withstand a legal challenge.

The Association of Teachers and

Lecturers will next week advise its members that they can continue to boycott statutory assessments linked to the curriculum only if they create "unreasonable" workloads.

It advised teachers that this would increase the risk of action from employers, including withholding salaries. It wants members to administer the tests and report their results, and says boycotting them for educational reasons alone would be illegal.

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Fresh blow dealt to live animal trade

By Deborah Hargreaves

Brittany Ferries yesterday dealt a blow to Britain's £200m live animal trade when it cut off the last regular export outlet by imposing a ban on virtually all shipments from mid-night tonight.

The company joined other ferry operators in halting live exports after uncovering "flagrant breaches" by livestock hauliers of its code of conduct.

Sir David Naish, president of the National Farmers' Union, will meet Mr. William Waldegrave, agriculture minister, early next week to press for new laws to crack down on cowboy operators, which he claims are ruining the business for other farmers.

Brittany Ferries stopped carrying animals destined for immediate slaughter in August after public outcry over the way animals are treated in transit, but it continued to carry livestock for further fattening before slaughter on the Continent.

The company imposed its own code of conduct on operators, forcing them to restrict deliveries to Brittany, Normandy and the Loire Valley to minimise discomfort to the animals. It said yesterday that spot checks showed the code had been "cynically disregarded", with some animals transported as far as Spain.

Mr Ian Carruthers, Brittany

Ferries' managing director, said: "I am saddened and shocked by the total disregard the majority of livestock exporters have shown for the code. Basically they have misled us about the end destination of the animals in their care."

The ferry company's decision to ban all live shipments - except of breeding stock and competition horses - cuts off another route to the lucrative live export trade.

A chartered ship carried 3,000 live lambs from Grimsby to Calais earlier this week and several plane loads of calves have been flown out. But farmers' leaders say this is a drop in the ocean for a business which exported 2m lambs and 500,000 calves last year - 20 per cent of British meat exports.

Mr Richard Beale, chairman of the Association of Livestock Exporters, said: "It's a pantomime. I fear some of the business has been pushed underground with people slipping stuff out of ports away from the public gaze."

The Royal Society for the Protection of Animals yesterday welcomed the ban and said it would be writing to Mr Waldegrave to urge him to toughen British welfare standards and impose an eight-hour maximum journey time. European Union agriculture ministers last week failed to agree on a journey limit of 15 hours.

Turning the tide for Tyneside jobs

Chris Tighe on the area's employment prospects after the death of traditional industry

Interconnection Systems, one of Tyneside's successful businesses, keeps a list of people wanting to join the company. The list has more than 1,000 names.

The company, Europe's biggest producer of printed circuit boards, is an interface between the old and new Tynesides. Based in South Tyneside - Britain's highest unemployment travel-to-work area with nearly one man in four jobless - it has been recruiting men from Tyneside's last, now closed, coal mine and its last, dying, shipbuilder to join a workforce of 850.

Among the lucky ones is Mr George Cook from Jarrow, a former Swan Hunter boiler-maker. Mr Cook is delighted with his new job after 19 years in shipbuilding - the production-line work is clean and his weekly flat wage for a permanent night shift is £250 gross, £31 more than at Swans.

But, he says, some former Swans recruits at the company would return to shipbuilding tomorrow for the companion-ship it offered. Tyneside's traditional industries also once offered regular wages for men, a sense of identity and a formidable world role.

David Dougan wrote in his *History of North East Shipbuilding*: "The labour flowed in and the work flowed out and the north-east became just about the richest part of the richest country in the world." The problem for Tyneside is that this description was of the last quarter of the 19th century.

Between 1970 and 1990 Tyneside and Wear, a county with a labour force of 523,000, lost 100,000 manufacturing jobs - half the total - and 25,000 of its primary jobs - two-thirds -



Sent packing: Job losses at Swan Hunter have compounded worrying trends in Tyne and Wear

mostly in mining and energy. It gained 50,000 service sector jobs. Today, its proportion of manufacturing employment is slightly below the national average.

According to a recent Tyne and Wear Research and Intelligence Unit report mid-1990s prospects for the county's manufacturing sector, underpinned by a growing motor industry centred on Nissan's £900m Sunderland plant, look good. But it warns of "much more problematical" prospects beyond then and predicts some decline in manufacturing

employment due to strong productivity growth.

Inward investment has been vital in diversifying the local economy and offsetting the decline of traditional industries. Indigenous Tyne and Wear companies are also strong performers in world export markets.

Yet in spite of decades of effort Tyne and Wear still has the fourth highest county unemployment rate in mainland Britain with 65,413 people - 12 per cent - unemployed. The loss of Swan Hunter and probably of shipbuilding

compounds other worrying trends.

Other cornerstones of the Tyneside economy - turbine generator maker Parsons; tank builder Vickers; Northern Electric and British Gas - have all recently announced significant redundancies.

Professor John Goddard, head of Newcastle University's Centre for Urban and Regional Development Studies, said: "What is particularly worrying about the present time is that the job losses are in the managerial, professional, R & D

In a region already deficient in substantial locally controlled companies, Newcastle, the north-east's capital, has also suffered a spate of losses of regional offices to the Leeds area.

Prof Goddard said big companies and decision-makers in a local economy were vital to the success of small and medium-sized enterprises (SMEs).

Tyne and Wear is also having to fight to improve low levels of entrepreneurship and low post-16 rates of staying in education - both legacies of its heavy-industrial past.

Mr Ian Taylor, Tyne and Wear sponsor minister, estimates the number of new jobs created locally by SMEs, high technology companies and inward investors is equalling the losses in long-established companies, but he adds: "They aren't equal in terms of job function."

For many former Swans employees this means that they are job-hunting house husbands while their wives go out to work.

"It's total role reversal," says 38-year-old Mr Graham Gibson, whose typist wife works a six-day week in two jobs. A former blacksmith who worked his way up to an operations control job at Swans, Mr Gibson was made redundant after receivership.

He tries to maintain his morale while seeking full-time work - 50p saunas for the jobless and spending more time with his children have been the pluses of being out of work.

And he is now a better qualified unemployment statistic, thanks to a college computer course. "I can do CVs for other lads now on my word processor," he said.

Tory car-boot gift for Labour

By Peter Marsh

Conservative officials in Lancashire face possible prosecution under data protection legislation after confidential files about company donations found their way to a car-boot sale and ended up in the hands of the Labour party.

The episode has embarrassed the party locally and put a question mark over efforts by Conservative Central Office to ensure local constituency associations take proper measures to safeguard computer data.

The early Christmas present to Labour is believed to have come about after a personal computer was discarded from the Ormskirk offices of the West Lancashire Conservative Association in a spring-clean after the 1992 general election. The computer ended up in a car-boot sale where it was bought for £20 by an electronics enthusiast.

He discovered that software in the computer contained details of cash gifts to the Tories from local companies, with canvassing returns related to the political opinions of the 70,000 people on the electoral register in the West Lancashire constituency. Mr Barry Gannaway-Jones, vice-president of the West Lancashire Conservative Association, said: "I am very annoyed. I want to find out exactly who was responsible."

Mr Frank McKenna, the Labour agent for the constituency, said: "This seems to be a cock-up of the highest level. I'm particularly interested in the data about company donations and hope I will get to see the information in the near future."

Lancashire police said yesterday they would be passing a file on the issue to the Office of the Data Protection Registrar, which is empowered under the 1984 Data Protection Act to take action against groups who fail to take proper care of confidential computer data.

Building societies to snub government over accountability

By Allison Smith

Building societies are to snub the government by resisting key suggestions put forward in a Treasury consultation paper for making them more accountable to the millions of customers who own them.

The paper marked the second stage of a government review of soci-

eties' powers which has been undertaken as part of the deregulation initiative. A draft response to the Treasury will be discussed at a meeting of the council of the Building Societies Association on Thursday. It says there is no shortfall in the arrangements for societies to be responsible to their members.

In particular it rejects the ideas of

making societies more accountable through setting up consultative committees of members or requiring societies to reserve some board places for candidates nominated by "ordinary members".

It broadly supports proposals for streamlining the limits on societies' powers and relaxing the regulatory controls under which they operate.

If ministers accept the association's argument that societies should have greater freedom without significant changes in accountability, the Treasury will be open to criticism for giving them an unfair advantage in the retail financial services sector. As mutual institutions societies are owned by members rather than being responsible to shareholders.

Alternatively, the response will set societies on course for a clash with the government if ministers insist that they must be made more effectively accountable in return for greater flexibility.

The association's paper does make some small gestures towards greater accountability, for example by saying that more efforts should be made

to give members clear and easily comprehensible information about their rights.

It rejects suggestions - originally brought forward as another regulatory initiative - to reduce the amount of information societies have to send out to their members, such as the summary financial statement.

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No agenda has yet been set for debate, discussion and comment and even the engineers' national forum, the Engineering Assembly, has not been allowed, and will not be allowed, to express any opinion, although it is the only representative body of the profession and Royal Charter, that the one effective voice of the profession will become a reality.

Rowland Morgan,
*senior lecturer in civil engineering,
University of Bristol,
Bristol BS8 1TR*

No time to put his feet up

More at ease than he has been for months and unfettered from his erstwhile tormentor, Dieter Bock is now able to make his presence felt at Lonrho, Robert Peston reports

Mr Dieter Bock was yesterday exhausted but more at ease than he had been for months, having won his long battle against Mr Tiny Rowland, his fellow joint chief executive at Lonrho, the international trading group.

At last time on Thursday, Mr Rowland, who had been Lonrho's driving force for 33 years, agreed to give up his executive duties at the end of the year and to stand down from the board altogether next March.

In his first interview since establishing himself firmly in control of the international trading group, the German property financier did not hide his delight. "It will take some time to really relax and move forward without the burden of having someone on my back," he said.

He had no doubt that the agreement with Mr Rowland was binding. "He may try to hurt me with words, but I can cope with that," he said.

Mr Bock stressed that the title of Lonrho president, which Mr Rowland will take next spring if shareholders agree, carries "no power". The title of president had been offered to Mr Rowland because "the board did not want to humiliate him".

He added that opinion within the company was divided on whether Mr Rowland would bother to continue coming in to the office. "I think he will come from time to time."

He also denied that he had made a significant concession to Mr Rowland by agreeing to scrap an arrangement which gave him a substantial degree of control over Mr Rowland's 6.5 per cent Lonrho shareholding.

Mr Bock had previously had the power to force Mr Rowland to sell him the shares on leaving the company or at the end of 1995. A new arrangement has now been put in place giving Mr Bock the right to buy the shares only if Mr Rowland wants to sell them - and that right expires once Mr Rowland leaves the board.

However, Mr Rowland's Lonrho shareholding continues to be held in an escrow - or independent - account. Until he leaves the board they can only

be sold through the company's stockbroker, James Capel, and only if Capel takes the view that the sale will not damage the company.

Mr Bock's main disappointment over the past year has been his inability to dispose of peripheral assets, which he blames on the obstructive tactics of Mr Rowland. "There have been almost no disposals this year," he said.

Mr Bock's most ambitious reorganisation attempt so far at Lonrho has been a plan to create the world's biggest platinum group by merging the company's South African platinum interests with those of Gencor, the mining conglomerate.

This however was blocked earlier this year, though there are conflicting explanations of who was responsible for the impasse. Mr Bock's close colleagues blame Mr Rowland. Other Lonrho executives say that there was a widespread view on the company's board that the implicit value being put on Lonrho's holding in Western Platinum was too low.

Mr Bock's main disappointment over the past year has been his inability to dispose of peripheral assets, which he blames on the obstructive tactics of Mr Rowland

Mr Bock said yesterday that his highest priority was to resume negotiations with Gencon so that both companies could increase the returns they earn from their platinum interests.

Lonrho will henceforth have only four divisions: gold and coal mining in Africa; hotels in the UK and internationally; agriculture also in Africa; and international trading activities. Everything else will eventually be sold or closed down.

Many Lonrho employees expect Mr Bock to merge Lonrho's hotels with the continen-

tal European Kempinski chain, in which he has a significant interest through his private companies.

Mr Bock said that such a move had been discussed and rejected - though he said that the possibility of fusing the two chains might be re-examined at some point.

Whatever his plans, any sale of the Metropole Hotels would be complicated by the presence of the Libyan government as a 33 per cent Metropole shareholder.

Mr Bock professes to be embarrassed by the Libyan link which Mr Rowland forged. Though how easy it would be to sever that tie is unclear.

Perhaps the biggest one-off boost to profits will come from cutting central administration costs, which Mr Bock said could be reduced by "more than £10m". Once Mr Rowland departs, there should also be a £5m saving as the group no longer has to pay his salary of more than £1m and millions of pounds of other expenses directly related to him.

These costs relating to Mr



Dieter Bock: confident there are few skeletons in the cupboard

extremely surprised at how good Lonrho's financial controls had turned out to be. As a result, he is fairly confident that he will not discover too many skeletons in the company's cupboard as he extends his influence over the group.

However it is widely believed within the company that Mr Rowland's departure will probably lead to the disclosure of other company secrets. That there are some of these is certain, given that he has been the company's personal fiefdom, with enormous personal discretion over the use of millions of pounds of company funds.

One recent example of a hidden liability was the disclosure that Lonrho had granted an indemnity to Mr Graham Jones, the former employee of Mr Mohamed Fayed who allegedly defected to Lonrho and is now being sued by Mr Fayed.

Other disclosures may simply be embarrassing rather than financially costly - there

is allegedly a whole room of secret Lonrho documents in the charge of one of Mr Rowland's minders.

The stock market yesterday took the view that any unforeseen liabilities will be outweighed by the additional profits to be earned as Mr Bock reorganises the company. Lonrho's share price rose 12p to 144p, as 28.6m shares were traded, far more than the normal.

Investors will be further reassured by Mr Bock's most surprising statement of yesterday - that - contrary to widespread speculation - he had no intention of selling his Lonrho holding of 18.8 per cent and would instead be selling all his private interests over the coming two years, to concentrate all his time and energy on Lonrho.

"It is such a marvellous company, that I want to devote myself too it," he said. "To a large extent the real value has not been unlocked."

London Industrial £20m acquisition of 17 estates

By Simon London

London Industrial, the property company which raised £14m when it floated on the Stock Exchange a year ago, is buying 17 industrial estates for £20m financed by a placing of £20m and open offer.

The light industrial estates, acquired from A&J Mucklow Group, are mostly in the Midlands, taking London Industrial away from its roots in the south east of England.

The company was formed in 1988 to buy the industrial property portfolio of the Greater London Council.

Mr Harry Platt, managing director, said the acquisition fitted London Industrial's strategy of buying properties let to

multiple tenants which require active management. The new properties are about 82 per cent let, against 78.5 per cent for the company's existing 36 industrial estates.

The deal is being funded by a placing of shares with institutions at 325p. Shareholders have the option of subscribing for shares at the same price, on the basis of seven for every eleven held.

After the placing, gearing will be around 60 per cent, compared with a long-term target of 100 per cent.

Mr Platt said the company would be seeking additional acquisitions in the London and Birmingham areas. The shares closed yesterday up 2p at 330p, against last

year's placing price of 320p. London Industrial also announced an increase in interim pre-tax profits from £355,000 to £306,100, reflecting the contribution of acquisitions made at the time of flotation.

Earnings per share increased by 41 per cent to 8.6p and the interim dividend has been increased by 50 per cent to 3p. The company said that it intends to pay a final dividend of 7p, making a total for the year of 10p, against 7p last year.

It added that the level of activity over the summer was higher than expected and occupancy had improved from 74.8 per cent at the end of the last financial year in March.

Banner Homes declines

Increased costs arising from its expansion led Banner Homes, the housebuilder, to turn in lower pre-tax profits for the six months to end-September, down from £557,000 to £504,000.

Turnover increased from £3.9m to £5.2m. The company sold 43 units in the first half against 28 last time.

The increased overheads and costs of funding a larger working capital requirement have resulted in higher interest payments of £438,000 (£390,000).

After a tax charge of £166,000 (nil) earnings per share were 2.1p (4.1p). There is an interim of 0.7p (nil).

TLG oversubscribed

TLG, the holding company for Thorn Lighting Group, whose shares, priced at 115p, will start trading next Thursday, said its public offer was 3.2 times subscribed.

Applications for up to and including 600 shares will be allocated in full; between 700 and 3,000 shares will receive 600; 4,000 and above will receive 20 per cent, to a maximum 100,000 ordinary shares.

Barr & Wallace chief denounces nephews

By Richard Wolff

Mr Malcolm Barr, chairman of Barr & Wallace Arnold Trust, the motor distribution and leasing group, yesterday denounced his two nephews who are leading a shareholders' rebellion.

Mr Barr criticised the managerial skills of Mr Nicholas and Mr Robert Barr, who have called for their uncle's resignation.

The Barr brothers, who claim majority support among ordinary voting shareholders, have requested an EGM to unseat Mr John Parker, chief executive, and Mr Brian Parker, finance director.

Yesterday the board called the EGM for November 21. It has already called another EGM for November 25 to enfranchise the group's non-voting A shares, which are owned mainly by institutions.

Mr Malcolm Barr said: "The board wholly supports John Parker and Brian Small. Their record to date and the group's current trading have confirmed that the board made the right decision in appointing them earlier this year."

"Furthermore, we believe that the alternative board being proposed is insufficiently experienced and qualified to manage BWAT."

Westminster Scaff in loss

Depressed margins and poor trading conditions led Westminster Scaffolding, the construction industry sub-contractor, to continue its losses.

The pre-tax loss for the six months to June 30 came out at £945,000 against £1.99m for the eight months to June 30 last year. This year's figure included a bad debt of £353,000.

Turnover was down from £3.58m to £2.47m. Losses per share came out at 0.3p (3.8p).

Although the losses were lower, the results "should not be regarded as encouraging," said Mr Michael Felham, chairman.

The group was "constantly jeopardised by the reluctance of main contractors to abide by agreed terms of payment" and be could see no evidence of any improvement in margins.

As a result, the company is scaling down its operations in the UK and expanding in the Gulf.

INTERNATIONAL COMPANIES AND FINANCE

Deutsche Telekom warns over equity ratio

By Michael Lindemann in Bonn

The chairman of Deutsche Telekom's supervisory board said yesterday the company's equity ratio had fallen to "alarming levels after it forecast that the company's debt would rise 4.7 per cent to DM12.2bn (\$8.1bn) next year, up from DM11.6bn this year."

Mr Rolf-Dieter Leister revealed that the equity ratio in 1995 was expected to fall to 19 per cent, down from 20.7 per cent, as the company makes further new investments ahead of its stock market listing in 1996. Turnover next year is expected to rise 8 per cent to DM69bn, up from a forecast DM64bn this year.

Gross profits are expected to rise 15.4 per cent to DM6bn but the company will, for the last time, have to pay half of this back to the federal government.

A final payment of about DM4bn will have to be made to Postbank and Postdienst, the two other branches of the state-owned operator which have been subsidised by Telekom. All three will be turned into joint stock companies at the beginning of next year.

Mr Leister said, chief executive, said investments, especially in eastern Germany, would slowly decrease and that this would allow a gradual reduction of the company's debts. Earnings are expected to improve and the company hopes to raise at least DM10bn when it raises capital through a stock exchange listing early in 1996.

About 6,000 jobs will be shed in the coming year by means of a hiring freeze, bringing the workforce down to 224,000 people.

DeTeMobil, the Telekom subsidiary which operates the D1 mobile telephone network, is expected to have sales of DM4.6bn next year, up from a forecast DM3.5bn in 1994, and will make a "very respectable" profit, the group said. The company, which has about 300,000 mobile phone subscribers, is making monthly profits but not enough to offset investments of about DM4bn.

Uni Storebrand to spin off operation as profits dive

By Karen Fosli in Oslo

Uni Storebrand, Norway's largest insurance group, is to spin-off its international reinsurance business into a new stock market-listed company, having failed to sell the loss-making activity.

The announcement yesterday came as Uni Storebrand revealed that in the first nine months the group profit, after transfers to life assurance customers, plunged to Nkr223m (\$33.5m) from Nkr1.11bn at the same stage last year. Operating profit of Nkr1.45bn was Nkr2.38bn lower but there was a Nkr972m increase in net premium income to Nkr10.52bn.

Finance income dropped Nkr3.04bn to Nkr3.8bn due to

bonds which were hit hard by rising interest rates.

Realised losses on securities were Nkr710m against gains of Nkr2.42bn as unrealised gains sunk to Nkr5m from Nkr4bn.

Nevertheless, Uni said it had increased market share, improved the result in the non-life business and achieved a sharp increase in life assurance premiums.

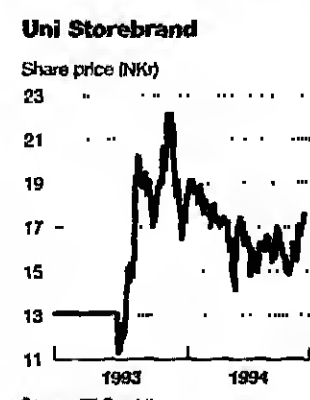
In March, Uni said it would seek to sell Christiania Re in the US but, in the meantime, the unit would be transferred to the non-life unit. Uni had planned to dispose of the UK business and close the Singapore office. But the strategy failed and Uni yesterday announced plans to spin them off.

The Oslo, London and Singapore re-insurance units increased nine-month losses, before allocations, to Nkr106m from Nkr30m while Christiania Re expanded losses to Nkr165m from Nkr15m.

During the past three years, Uni injected about Nkr1bn in capital into the reserves of these units to keep them running.

But Uni said its shareholders would benefit more if reinsurance was divested from the group so that it could concentrate on core businesses of life assurance, non-life and asset management.

Existing shareholders will be offered pre-emptive rights to subscribe to shares of the new company but Uni could



take a 10 per cent stake.

Uni will recapitalise reinsurance with "a couple of hundred million kroner" and seek a guarantee from its largest shareholders for the disposal of 90 per cent of the new company's shares.

A prospectus is to be issued this month. It hopes to complete the operation before the summer.

Losses widen at Nissan in first half

By Mikiyo Nakamoto in Tokyo

Nissan, Japan's second largest carmaker, reported a sharp drop in non-consolidated revenues and a wider loss as it was battered by poor sales at home and the sharp appreciation of the yen in the first half of the year.

Sales for the period dropped 12 per cent to ¥1,568.8bn (\$16.1bn) from ¥1,781.8bn a year ago, while operating losses ballooned to ¥82.6bn from ¥38.6bn. Recurring losses - before extraordinary items and tax - widened to ¥37.9bn from ¥28.9bn previously. Net losses increased to ¥53.7bn from ¥32.8bn, and the company again passed its interim dividend.

Nissan's losses came in spite

of an increase in sales of securities in the period amounting to ¥32.8bn compared with ¥13.1bn in the previous first half.

Mr Heichi Hamaoka, executive managing director, described the results as providing "a very regrettable image" of the company. However, he added that Nissan expected to be able to return to the black at the operating level in the second half of the year and the company would pay a ¥7 dividend for the year, equivalent to the amount paid last year.

The better result in the second half is expected to come as a result of Nissan's strenuous rationalisation measures, which are achieving their targets earlier than expected, a recovery in domestic demand

that has been building up over the past few months and new product launches. The impact of the yen's rise is expected to slow.

During the period, Nissan tried to reduce inventory levels and improve the profitability of its dealers, Mr Hamaoka said.

At the same time, cost-cutting measures, combined with price increases, allowed Nissan to counter the adverse impact of the yen's sharp appreciation on its overseas operations. Every ¥1 increase in the value of the yen against the dollar, wipes about ¥7bn off Nissan's revenues. The group expected to deal with the yen's rise, to a certain extent, through rationalisation and price rises, Mr Hamaoka said.

The biggest difficulty Nissan had in the first six months was selling its cars in Japan, including those which had model changes, as a result of the large inventory levels at its dealers.

The company's luxury cars in particular were shunned by Japanese consumers who have become increasingly sensitive to price. Domestic sales plunged nearly 19 per cent while exports were down only 2.7 per cent under the impact of the high yen.

Nissan has revised down its full-year forecast for recurring and net profits. Instead of breaking even at the recurring level, Nissan expects to post a recurring loss of ¥60bn and a net loss of ¥85bn on sales of ¥3,400bn.

NEWS DIGEST

Danish shipyard shares suspended on alliance talks

Shares in Burmeister & Wain, the Danish shipyard, were suspended on the Copenhagen stock exchange yesterday, at the company's own request, after it said it was negotiating an alliance with the Swedish marine industrial group Kockums, of Malmö, writes Hilary Barnes in Copenhagen.

B&W said the two groups had signed a memorandum of agreement which included a provision for a financial engagement in B&W by the Swedish group. The Copenhagen group, which made a net profit of Dkr132m (\$22.2m) in 1993 on turnover of Dkr2.3bn, said it would make a deficit of Dkr275m in 1994 and a loss of at least the same order in 1995.

Kockums, which was once a leading European builder of large oil tankers, is today a subsidiary of Celstus, the state-controlled defence industry group. It is a diversified marine industrial group with construction of naval submarines as one of its leading activities. Kockums had a turnover of SKr2.3bn (\$313.5m) and made a net profit of SKr170m last year.

Institutions rush for Renault equity

Institutional investors applied for 15.5 times the number of shares that have been allocated to them in the partial privatisation of Renault, the French motor group, the government said yesterday, writes Andrew Jackson in Paris.

Applications closed on Thursday night for the 25m shares earmarked for institutions at FF176 a share, and the over-subscription will trigger a complex system of distribution.

Meanwhile, an intensive advertising campaign aimed at attracting individual investors has been launched. Private investors have been allocated 80 per cent of the 62m shares in the group that are being floated, and can buy them at FF185 each.

The offer to individuals is open until November 10, after which allocation will take place in the middle of the month before trading begins.

Reliance Electric opts for General Signal

Reliance Electric, the US industrial motor company which is the target of a bid battle between industrial groups General Signal and Rockwell International, said yesterday it supported the lower of the two bids, from General Signal, writes Tony Jackson in New York.

Reliance agreed a \$1.3bn merger with General Signal in August, and the offer was capped last month by a \$1.5bn hostile offer from the much larger Rockwell.

Reliance said under the terms of its merger agreement with General Signal, the latter was entitled to a \$50m fee if its offer was terminated. Taken with the "many uncertainties and conditions" attached to the Rockwell offer,

the Reliance board said it was "unable to take a position" on the offer. It said the General Signal offer was "an attractive transaction, with significant benefits for Reliance shareholders".

Rockwell said yesterday it was clear it had made the best offer, and that it intended to proceed. Rockwell's offer is in cash, General Signal's in shares.

Coles Myer debt rating lowered by S&P

Coles Myer, Australia's largest retailing group, has had its long and short-term debt ratings lowered by Standard & Poor's, the US-based credit rating agency, writes Nikl Tait in Sydney. The long-term rating was cut from AA- to A, and the short-term rating from A-1+ to A-1.

S&P said the retailer's financial risk had been increased by the A\$1.26bn (\$594m) repurchase of the 21.45 per cent of its equity which had previously been owned by Kmart, the US stores group. Coles announced that the deal - in two separate parts - was completed yesterday and that payment of the A\$1.26bn had gone ahead.

As a result, three Kmart appointees to the Coles board - Mr Joseph Antkowiak, Mr Thomas Watkins and Mr Thomas Mursky - resigned as directors of the Australian group.

S&P added that profitability and cash-flow from operating businesses reflected the strength of the company's market position, but noted if the entire block of Kmart shares was cancelled, the company's gearing - measured as total liabilities to total tangible assets - would exceed internal targets of 55 per cent to 60 per cent.

Coles pointed out the possible downgrading had been taken into consideration when assessing the effects of the buy-back, and was expected to have a minimal impact on profitability.

South Africa plans global bond in dollars

South Africa has taken an important step to return to the international capital markets with the announcement that it plans a global bond denominated in US dollars jointly managed by Goldman Sachs, the US securities house, and Swiss Bank Corporation, writes Martin Brice in London.

Goldman Sachs has been acting as financial adviser to the South African government this year during the rating process and the filing in the US of the \$3m "shelf registration statement", which means the Republic may issue up to that amount in bonds.

Rothmans Holdings drops 6.7% to A\$59m

Rothmans Holdings, the Australian-based cigarette company, has reported a pre-tax profit of A\$50.6m (\$34.1m) in the six months to end-September, down 6.7 per cent on the same period of the previous year, writes Nikl Tait. Sales were 2.5 per cent higher at A\$752.8m. Profit after tax was static at A\$57.7m.

COMMODITIES AND AGRICULTURE

WEEK IN THE MARKETS
LME trade continues to grow

The London Metal Exchange announced yesterday that its tenure of its old premises ended last week with the recording of yet another monthly volume record. And it is confident that the trend will continue on the bigger trading floor in Fenchurch Street, to which it moved on Monday.

The October trading total of 4,458m contracts beat the September figure by 566,000 and took the total for the year so far to 38,62m, already ahead of the 1993 full-year figure of 35,28m. The exchange has forecast volume growth over the coming year at between 20 and 50 per cent.

The investment fund participation that has fuelled this year's impressive rise in both trading activity and price levels on the exchange was very much in evidence again this week. All contracts set fresh records for the recent buying spree. Copper, aluminium and lead prices reached the highest levels for four years, nickel touched 2 1/2-year highs, and tin and zinc scaled two-year peaks.

End-week profit-taking trimmed gains yesterday morning but there was renewed buying after lunch and all the markets ended with their uptrends intact.

An increasingly prominent feature was the tightening squeeze on copper supplies. The fall in LME warehouse stocks of the metal over the past few months had taken the total to a low level equivalent to five and a half weeks consumption, said William Adams, analyst at London broker RBCF. And another analyst, Viktor Bielski of Bain & Company, pointed out that most of this metal was held in Europe, rather than the US, where demand was heaviest.

Early last month concern over the stocks decline pushed the copper market into "backwardation" - where there is a premium for nearby delivery -

a reversal of the normal "contango" position in which the costs of holding physical metal - principally lost interest, warehousing and insurance - are reflected in nearby discounts. As it became apparent this week there some market players were seriously short of metal the cash/three months backwardation widened from last Friday's \$21.50 a tonne to \$55 at one point.

Three months copper closed yesterday at \$2,693.50 a tonne, down \$11 on the day but \$35 up on the week. It had earlier dipped to \$2,656, reflecting a smaller-than-expected fall in LME stocks, but the squeeze factor prevented selling pressure from seriously threatening the uptrend.

Aluminium stocks dropped below the 2m-tonne mark for the first time since August last year, but the 35,526-tonne fall was in line with expectations and had no discernible market impact. Prices followed the downward trend early on but then recovered. The three months price closed at \$1,884.50 a tonne, up \$2.50 on the day and \$57 on the week, but \$23.50 below Thursday's peak.

At the London Commodity Exchange coffee futures were nervous ahead of the official assessment of Brazil's 1994-95 crop prospects following this year's frost and drought, which is expected to be released this weekend.

Selling was encouraged by a forecast from US banker Morgan Stanley that the crop would be between 20m and 22m bags (60kg each), much higher than the Brazilian authorities' post-frost projection of 13m-15m bags. But buying was attracted at low levels and the January delivery position, after dipping to \$3.15 a tonne on Thursday, recovered to end the week at \$3.40, down \$52 on balance.

Richard Mooney

WEEKLY PRICE CHANGES

Commodity	Unit	Week	Month	Year	1994
Cold per ton	£	2.90	2.90	2.90	2.90
Aluminium 99.7% (cash)	£/ton	+0.20	+0.20	+0.20	+0.20
Copper 99.99% (cash)	£/ton	+0.20	+0.20	+0.20	+0.20
Nickel 99.9% (cash)	£/ton	+0.20	+0.20	+0.20	+0.20
Zinc 99.99% (cash)	£/ton	+0.20	+0.20	+0.20	+0.20
Lead 99.99% (cash)	£/ton	+0.20	+0.20	+0.20	+0.20
Steel (hot rolled)	£/ton	+0.20	+0.20	+0.20	+0.20
Oil (Brent)	£/barrel	+0.20	+0.20	+0.20	+0.20
Oil (WTI)	£/barrel	+0.20	+0.20	+0.20	+0.20
Oil (Dubai)	£/barrel	+0.20	+0.20	+0.20	+0.20

WORLD BOND PRICES

Country	Coupon	Face	Price	Yield	Week	Month	Year
Australia	3.00%	100.00	98.00	10.50	10.48	10.20	
Belgium	7.75%	100.00	95.30	10.10	10.08	9.98	
Canada	5.00%	100.00	98.00	10.00	9.98	9.98	
Denmark	6.00%	100.00	98.00	10.00	9.98	9.98	
France	6.00%	100.00	98.00	10.00	9.98	9.98	
Germany	5.00%	100.00	98.00	10.00	9.98	9.98	
Italy	5.00%	100.00	98.00	10.00	9.98	9.98	
Japan	4.00%	100.00	98.00	10.00	9.98	9.98	
Netherlands	6.00%	100.00	98.00	10.00	9.98	9.98	
Spain	6.00%	100.00	98.00	10.00	9.98	9.98	
UK	6.00%	100.00	98.00	10.00	9.98	9.98	
US Treasury	7.50%	100.00	98.00	10.00	9.98	9.98	
EU (French Govt)	7.50%	100.00	98.00	10.00	9.98	9.98	
EU (German Govt)	7.50%	100.00	98.00	10.00	9.98	9.98	
EU (Italian Govt)	7.50%	100.00	98.00	10.00	9.98	9.98	
EU (Japanese Govt)	7.50%	100.00	98.00	10.00	9.98	9.98	
EU (Spanish Govt)	7.50%	100.00	98.00	10.00	9.98	9.98	
EU (UK Govt)	7.50%	100.00	98.00	10.00	9.98	9.98	
EU (US Govt)	7.50%	100.00	98.00	10.00	9.98	9.98	

TODAY: Jordan parliament starts debating peace treaty with Israel.

TOMORROW: Confederation of British Industry holds annual conference in Birmingham (until November 8).

MONDAY: Credit business (September). US consumer credit (September). European Union finance ministers meet in Brussels. G10 central bank governors meet in Switzerland. Bosnian republican and federation parliaments meet in Sarajevo. Mr Yohel Kono, Japan's foreign minister, gives lecture on "How to build up new international co-operation" on the first day of a three-day symposium "A Message from Japan" in Tokyo.

TUESDAY: Cyclical indicators for the UK economy (October - first estimate). US wholesale trade (September). German employment data. European Union industry ministers meet in Brussels to discuss plans for restructuring Europe's steel industry. Elections to the US Senate and House of Representatives. Fourth Mongolia Assistance Group meeting in Tokyo. Interim statements from British Airways, SG Warburg

and Marks & Spencer. WEDNESDAY: Balance of visible trade (August). Index of production for Scotland (second quarter). Sri Lankan presidential election. Annual inventories fair in Brussels (until November 15). Interim statements from Cable & Wireless and Amersham International.

THURSDAY: New earnings survey 1994 Part 2 analysis by occupation. Analysis of bank lending to UK residents (third quarter). US producer price index (October). Gatt's governing council due to hold two-day monthly meeting in Geneva. Mr Wilfried Aquilina, former finance director at Brent Walker, to be sentenced on false accounting charge. Bundesbank council meets. Interim statements from BT, Royal Dutch, Shell Transport and Royal Insurance. FRIDAY: Usable steel production (October). Capital issues and redemptions (October). Apec ministerial meeting in Jakarta (until November 12). European parliament due to ratify Austria's European Union membership. Strike by Bank of Italy employees. The Queen inaugurates the Thames Water ring main.

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BASE METALS

LONDON METAL EXCHANGE

(Prices in £/tonne unless stated otherwise)

Aluminium 99.7% (cash) 1884.50
Aluminium 99.7% (3m) 1884.50
Aluminium 99.7% (6m) 1884.50
Aluminium 99.7% (9m) 1884.50
Aluminium 99.7% (12m) 1884.50
Aluminium 99.7% (15m) 1884.50
Aluminium 99.7% (18m) 1884.50
Aluminium 99.7% (21m) 1884.50
Aluminium 99.7% (24m) 1884.50
Aluminium 99.7% (27m) 1884.50
Aluminium 99.7% (30m) 1884.50
Aluminium 99.7% (33m) 1884.50
Aluminium 99.7% (36m) 1884.50
Aluminium 99.7% (39m) 1884.50
Aluminium 99.7% (42m) 1884.50
Aluminium 99.7% (45m) 1884.50
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Aluminium 99.7% (63m) 1884.50
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Aluminium 99.7% (162m) 1884.50
Aluminium 99.7% (165m) 1884.50
Aluminium 99.7% (168m) 1884.50
Aluminium 99.7% (171m) 1884.50
Aluminium 99.7% (174m) 1884.50
Aluminium 99.7% (177m) 1884.50
Aluminium 99.7% (180m) 1884.50
Aluminium 99.7% (183m) 1884.50
Aluminium 99.7% (186m) 1884.50
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Aluminium 99.7% (231m) 1884.50
Aluminium 99.7% (234m) 1884.50
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Aluminium 99.7% (261m) 1884.50
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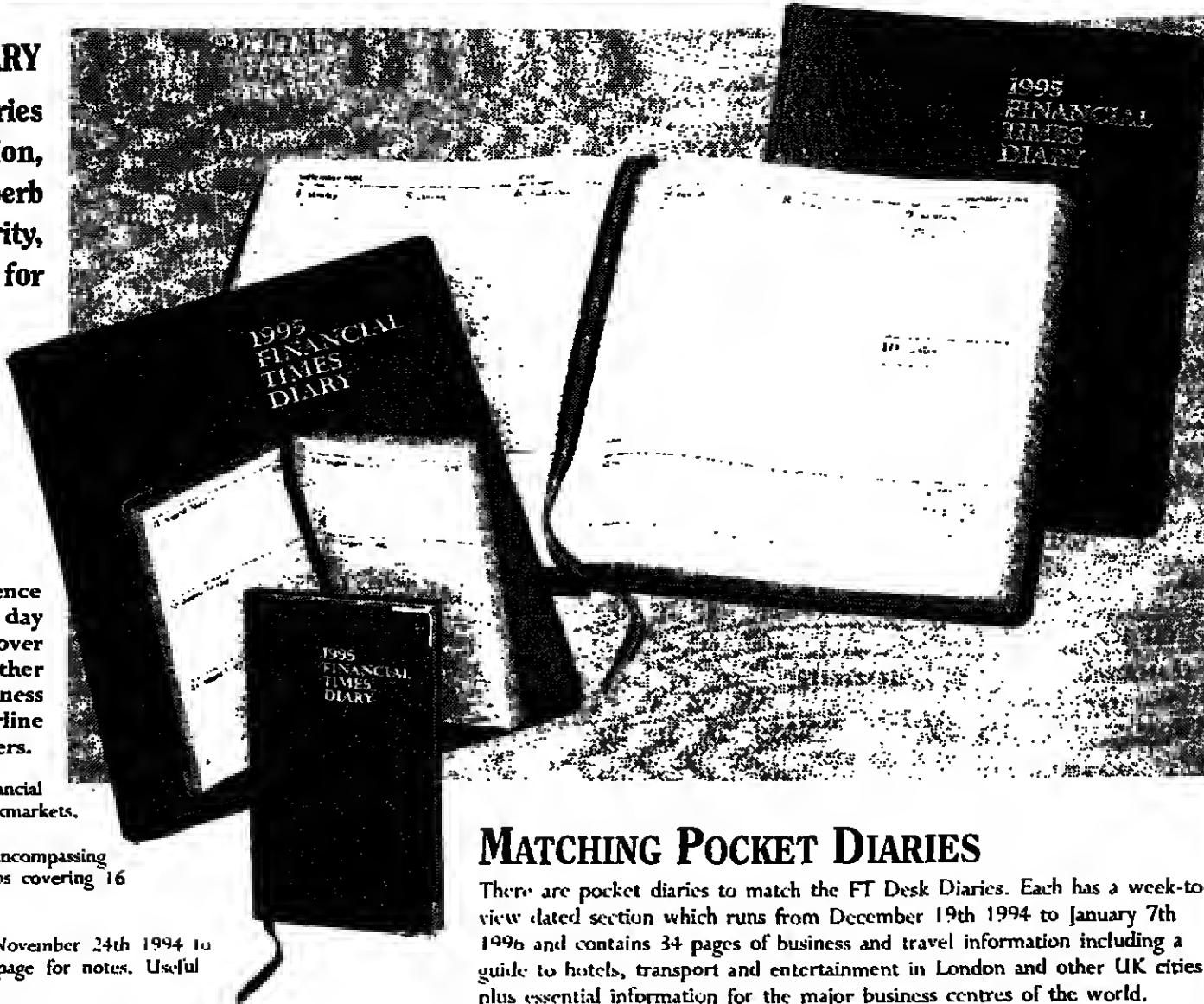
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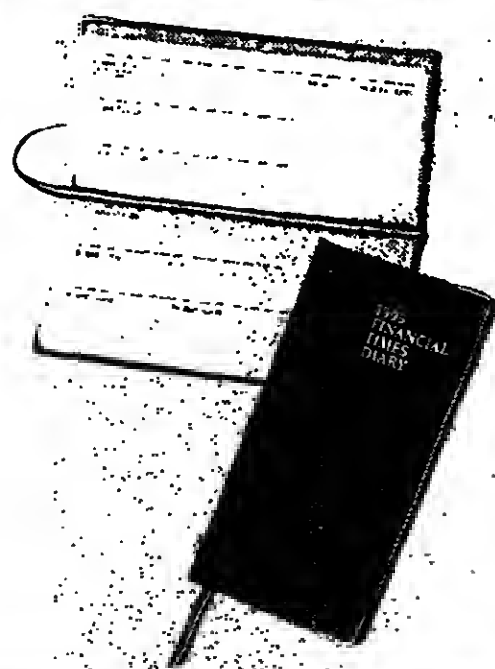
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US jobs

AUSTRALIA (Nov 4 / Aust\$)

INDICES										US INDICES									
1984					1984					1984					1984				
Nov 4	Nov 3	Nov 2	High	Low	Nov 4	Nov 3	Nov 2	High	Low	Nov 4	Nov 3	Nov 2	High	Low	Nov 4	Nov 3	Nov 2	High	Low
Aluminum	100.00	100.00	100.00	100.00	Aluminum	100.00	100.00	100.00	100.00	Dow Jones	100.00	100.00	100.00	100.00	Aluminum	100.00	100.00	100.00	100.00
Steel	100.00	100.00	100.00	100.00	Steel	100.00	100.00	100.00	100.00	Industrials	100.00	100.00	100.00	100.00	Steel	100.00	100.00	100.00	100.00
Oil	100.00	100.00	100.00	100.00	Oil	100.00	100.00	100.00	100.00	Name Bonds	100.00	100.00	100.00	100.00	Oil	100.00	100.00	100.00	100.00
Gold	100.00	100.00	100.00	100.00	Gold	100.00	100.00	100.00	100.00	Transport	100.00	100.00	100.00	100.00	Gold	100.00	100.00	100.00	100.00
Wheat	100.00	100.00	100.00	100.00	Wheat	100.00	100.00	100.00	100.00	Utilities	100.00	100.00	100.00	100.00	Wheat	100.00	100.00	100.00	100.00
Corn	100.00	100.00	100.00	100.00	Corn	100.00	100.00	100.00	100.00	Day's Ind. (Nov 3)	100.00	100.00	100.00	100.00	Corn	100.00	100.00	100.00	100.00
Soybeans	100.00	100.00	100.00	100.00	Soybeans	100.00	100.00	100.00	100.00	Day's % Chg. (Nov 3)	100.00	100.00	100.00	100.00	Soybeans	100.00	100.00	100.00	100.00
Wool	100.00	100.00	100.00	100.00	Wool	100.00	100.00	100.00	100.00	Standard and Poors	100.00	100.00	100.00	100.00	Wool	100.00	100.00	100.00	100.00
Cotton	100.00	100.00	100.00	100.00	Cotton	100.00	100.00	100.00	100.00	Composite 1	100.00	100.00	100.00	100.00	Cotton	100.00	100.00	100.00	100.00
Beef	100.00	100.00	100.00	100.00	Beef	100.00	100.00	100.00	100.00	Composite 2	100.00	100.00	100.00	100.00	Beef	100.00	100.00	100.00	100.00
Pork	100.00	100.00	100.00	100.00	Pork	100.00	100.00	100.00	100.00	Composite 3	100.00	100.00	100.00	100.00	Pork	100.00	100.00	100.00	100.00
Bacon	100.00	100.00	100.00	100.00	Bacon	100.00	100.00	100.00	100.00	Composite 4	100.00	100.00	100.00	100.00	Bacon	100.00	100.00	100.00	100.00
Chicken	100.00	100.00	100.00	100.00	Chicken	100.00	100.00	100.00	100.00	Composite 5	100.00	100.00	100.00	100.00	Chicken	100.00	100.00	100.00	100.00
Eggs	100.00	100.00	100.00	100.00	Eggs	100.00	100.00	100.00	100.00	Composite 6	100.00	100.00	100.00	100.00	Eggs	100.00	100.00	100.00	100.00
Milk	100.00	100.00	100.00	100.00	Milk	100.00	100.00	100.00	100.00	Composite 7	100.00	100.00	100.00	100.00	Milk	100.00	100.00	100.00	100.00
Butter	100.00	100.00	100.00	100.00	Butter	100.00	100.00	100.00	100.00	Composite 8	100.00	100.00	100.00	100.00	Butter	100.00	100.00	100.00	100.00
Cheese	100.00	100.00	100.00	100.00	Cheese	100.00	100.00	100.00	100.00	Composite 9	100.00	100.00	100.00	100.00	Cheese	100.00	100.00	100.00	100.00

US INDICES									
1984					1984				
Nov 4	Nov 3	Nov 2	High	Low	Nov 4	Nov 3	Nov 2	High	Low
Aluminum	100.00	100.00	100.00	100.00	Aluminum	100.00	100.00	100.00	100.00
Steel	100.00	100.00	100.00	100.00	Steel	100.00	100.00	100.00	100.00
Oil	100.00	100.00	100.00	100.00	Oil	100.00	100.00	100.00	100.00
Gold	100.00	100.00	100.00	100.00	Gold	100.00	100.00	100.00	100.00
Wheat	100.00	100.00	100.00	100.00	Wheat	100.00	100.00	100.00	100.00
Corn	100.00	100.00	100.00	100.00	Corn	100.00	100.00	100.00	100.00
Soybeans	100.00	100.00	100.00	100.00	Soybeans	100.00	100.00	100.00	100.00
Wool	100.00	100.00	100.00	100.00	Wool	100.00	100.00	100.00	100.00
Cotton	100.00	100.00	100.00	100.00	Cotton	100.00	100.00	100.00	100.00
Beef	100.00	100.00	100.00	100.00	Beef	100.00	100.00	100.00	100.00
Pork	100.00	100.00	100.00	100.00	Pork	100.00	100.00	100.00	100.00
Bacon	100.00	100.00	100.00	100.00	Bacon	100.00	100.00	100.00	100.00
Chicken	100.00	100.00	100.00	100.00	Chicken	100.00	100.00	100.00	100.00
Eggs	100.00	100.00	100.00	100.00	Eggs	100.00	100.00	100.00	100.00
Milk	100.00	100.00	100.00	100.00	Milk	100.00	100.00	100.00	100.00
Butter	100.00	100.00	100.00	100.00	Butter	100.00	100.00	100.00	100.00
Cheese	100.00	100.00	100.00	100.00	Cheese	100.00	100.00	100.00	100.00

AFRICA									
1984					1984				
Nov 4	Nov 3	Nov 2	High	Low	Nov 4	Nov 3	Nov 2	High	Low
Aluminum	100.00	100.00	100.00	100.00	Aluminum	100.00	100.00	100.00	100.00
Steel	100.00	100.00	100.00	100.00	Steel	100.00	100.00	100.00	100.00
Oil	100.00	100.00	100.00	100.00	Oil	100.00	100.00	100.00	100.00
Gold	100.00	100.00	100.00	100.00	Gold	100.00	100.00	100.00	100.00
Wheat	100.00	100.00	100.00	100.00	Wheat	100.00	100.00	100.00	100.00
Corn	100.00	100.00	100.00	100.00	Corn	100.00	100.00	100.00	100.00
Soybeans	100.00	100.00	100.00	100.00	Soybeans	100.00	100.00	100.00	100.00
Wool	100.00	100.00	100.00	100.00	Wool	100.00	100.00	100.00	100.00
Cotton	100.00	100.00	100.00	100.00	Cotton	100.00	100.00	100.00	100.00
Beef	100.00	100.00	100.00	100.00	Beef	100.00	100.00	100.00	100.00
Pork	100.00	100.00	100.00	100.00	Pork	100.00	100.00	100.00	100.00
Bacon	100.00	100.00	100.00	100.00	Bacon	100.00	100.00	100.00	100.00
Chicken	100.00	100.00	100.00	100.00	Chicken	100.00	100.00	100.00	100.00
Eggs	100.00	100.00	100.00	100.00	Eggs	100.00	100.00	100.00	100.00
Milk	100.00	100.00	100.00	100.00	Milk	100.00	100.00	100.00	100.00
Butter	100.00	100.00	100.00	100.00	Butter	100.00	100.00	100.00	100.00
Cheese	100.00	100.00	100.00	100.00	Cheese	100.00	100.00	100.00	100.00

ASIA									
1984					1984				
Nov 4	Nov 3	Nov 2	High	Low	Nov 4	Nov 3	Nov 2	High	Low
Aluminum	100.00	100.00	100.00	100.00	Aluminum	100.00	100.00	100.00	100.00
Steel	100.00	100.00	100.00	100.00	Steel	100.00	100.00	100.00	100.00
Oil	100.00	100.00	100.00	100.00	Oil	100.00	100.00	100.00	100.00
Gold	100.00	100.00	100.00	100.00	Gold	100.00	100.00	100.00	100.00
Wheat	100.00	100.00	100.00	100.00	Wheat	100.00	100.00	100.00	100.00
Corn	100.00	100.00	100.00	100.00	Corn	100.00	100.00	100.00	100.00
Soybeans	100.00	100.00	100.00	100.00	Soybeans	100.00	100.00	100.00	100.00
Wool	100.00	100.00	100.00	100.00	Wool	100.00	100.00	100.00	100.00
Cotton	100.00	100.00	100.00	100.00	Cotton	100.00	100.00	100.00	100.00
Beef	100.00	100.00	100.00	100.00	Beef	100.00	100.00	100.00	100.00
Pork	100.00	100.00	100.00	100.00	Pork	100.00	100.00	100.00	100.00
Bacon	100.00	100.00	100.00	100.00	Bacon	100.00	100.00	100.00	100.00
Chicken	100.00	100.00	100.00	100.00	Chicken	100.00	100.00	100.00	100.00
Eggs	100.00	100.00	100.00	100.00	Eggs	100.00	100.00	100.00	100.00
Milk	100.00	100.00	100.00	100.00	Milk	100.00	100.00	100.00	100.00
Butter	100.00	100.00	100.00	100.00	Butter	100.00	100.00	100.00	100.00
Cheese	100.00	100.00	100.00	100.00	Cheese	100.00	100.00	100.00	100.00

EUROPE									
1984					1984				
Nov 4	Nov 3	Nov 2	High	Low	Nov 4	Nov 3	Nov 2	High	Low
Aluminum	100.00	100.00	100.00	100.00	Aluminum	100.00	100.00	100.00	100.00
Steel	100.00	100.00	100.00	100.00	Steel	100.00	100.00	100.00	100.00
Oil	100.00	100.00	100.00	100.00	Oil	100.00	100.00	100.00	100.00
Gold	100.00	100.00	100.00	100.00	Gold	100.00	100.00	100.00	100.00
Wheat	100.00	100.00	100.00	100.00	Wheat	100.00	100.00	100.00	100.00
Corn	100.00	100.00	100.00	100.00	Corn	100.00	100.00	100.00	100.00
Soybeans	100.00	100.00	100.00	100.00	Soybeans	100.00	100.00	100.00	100.00
Wool	100.00	100.00	100.00	100.00	Wool	100.00	100.00	100.00	100.00
Cotton	100.00	100.00	100.00	100.00	Cotton	100.00	100.00	100.00	100.00
Beef	100.00	100.00	100.00	100.00	Beef	100.00	100.00	100.00	100.00
Pork	100.00	100.00	100.00	100.00	Pork	100.00	100.00	100.00	100.00
Bacon	100.00	100.00	100.00	100.00	Bacon	100.00	100.00	100.00	100.00
Chicken	100.00	100.00	100.00	100.00	Chicken	100.00	100.00	100.00	100.00
Eggs	100.00	100.00	100.00	100.00	Eggs	100.00	100.00	100.00	100.00
Milk	100.00	100.00	100.00	100.00	Milk	100.00	100.00	100.00	100.00
Butter	100.00	100.00	100.00	100.00	Butter	100.00	100.00	100.00	100.00
Cheese	100.00	100.00	100.00	100.00	Cheese	100.00	100.00	100.00	100.00

OCEANIA									
1984					1984				
Nov 4	Nov 3	Nov 2	High	Low	Nov 4	Nov 3	Nov 2	High	Low
Aluminum	100.00	100.00	100.00	100.00	Aluminum	100.00	100.00	100.00	100.00
Steel	100.00	100.00	100.00	100.00	Steel	100.00	100.00	100.00	100.00
Oil	100.00	100.00	100.00	100.00	Oil	100.00	100.00	100.00	100.00
Gold	100.00	100.00	100.00	100.00	Gold	100.00	100.00	100.00	100.00
Wheat	100.00	100.00	100.00	100.00	Wheat	100.00	100.00	100.00	100.00
Corn	100.00	100.00	100.00	100.00	Corn	100.00	100.00	100.00	100.00
Soybeans	100.00	100.00	100.00	100.00	Soybeans	100.00	100.00	100.00	100.00
Wool	100.00	100.00	100.00	100.00	Wool	100.00	100.00	100.00	100.00

011 800

1151
 Pacific Ocean (773)
 San Francisco (1565)
 San Francisco (6114)
 Pacific for UK (6554)
 Pacific for Japan (525)
 Hong Kong (17764)
 South for UK (561)
 South for Japan (17764)
 New Zealand (17764)

Street

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NA PACIFIC

Nikkei u

Tokyo

REACT

WORLD STOCK MARKETS

AMERICA

US jobs data fails to motivate Dow

Wall Street

The US stock market struggled to make any headway yesterday morning as lower bond prices offset a broadly encouraging October employment report, writes *Patrick Harrison in New York*.

By 1 pm, the Dow Jones Industrial Average was down 4.71 at 3,841.17. The more broadly-based Standard & Poor's 500 was also slightly lower at the halfway mark, down 2.04 at 465.57, while the American Stock Exchange composite was off 0.86 at 453.91 and the Nasdaq composite down 1.08 at 771.02. Trading volume on the NYSE was 161m shares by 1 pm.

The market opened in an uncertain mood after the

eagerly-awaited October jobs figures proved a mixed bag for equity investors. The good news was that the labour market continued to grow last month, but not so strongly as to raise fears of resurgent inflation. The Labor Department reported that non-farm payrolls increased by 194,000 in October, well below most Wall Street forecasts. The national unemployment rate, meanwhile, fell unexpectedly from 5.9 per cent to 5.8 per cent.

Overall, the report was encouraging for stocks. Share prices, however, were unable to capitalise on the figures because bond prices fell for the fifth consecutive day, pushing the yield on the benchmark 30-year government issue to a new 2 1/2 per cent high of 8.132 per cent. The bond market was

upset by particular details within the jobs report, namely stronger than expected manufacturing employment and wage levels.

Among individual stocks, a few prominent Dow issues managed to stay in positive territory. General Motors rose 3/8% to \$39.75, Aluminum Company of America added 1/4% to \$84.75, Coca-Cola added 1/4% to \$50.40 and Merck rose 3/8% to \$36.75.

Eli Lilly fell 3/4% to \$64 after the drugs group announced a deal with the Federal Trade Commission that will allow Eli Lilly to purchase the drugs distributor FCS. The company's share price had risen earlier in the week in an anticipation of the agreement. Oil stocks, which were higher earlier this week, ran into selling, with

Arc0 falling 5 1/4% to \$105.50 and Royal Dutch Petroleum slipping 1 1/4% to \$111.75.

On the Nasdaq market, Biogen dropped 1 1/4% to \$58.12 in volume of 1.3m shares as investors reacted to the news that the company had been served with several class-action lawsuits alleging federal securities law violations in connection with Biogen's plans to shut down activities related to its Hiruslog product.

Bally Gaming International jumped 1 1/2% to \$12.25 after reporting a sharply narrower loss for the third quarter.

Canada

Toronto stocks were firm at midnight, lifted by precious metals and forestry shares. The TSE 300 index was

up by 14.57 to 4,241.39.

The precious metals index was 1.3 per cent higher at 9,974.18, with Franco-Nevada Gold rising 3/8% to C\$84.

The paper and forest products sector was 1.03 per cent higher at 4,236.07.

Venezuela

Caracas dipped another 2 per cent, this time as fund managers studied the government's new resolution on repatriation of profits, announced five weeks ago in an attempt to bring foreign investors back into the market, but only pushed this week. The fund managers thought that there would be big problems in implementing the resolution, and the Merivest composite index fell 2.84 to 138.51.

Belgian recovery offset by dollar and rate rises

Emma Tucker views opposing forces in Brussels

The good news for investors in Belgian equities is that recovery of the country's compact but heavily industrialised economy has outstripped virtually all expectations.

At the beginning of the year, growth of 1 per cent was the most that many analysts hoped for. Eleven months on, new forecasts are hovering between 1.5 and 2 per cent for 1994.

The economy's strength has buoyed the so-called cyclical components of the Belgian stock market, measured by the Bel-20 index of leading shares. These well-established Belgian blue-chips - Solvay, Petrofina and UCB, for example - have had, as one analyst described it, a "spectacular" recovery in earnings.

But two opposing forces have all but neutralised these positive steps: a sustained rise in interest rates since the beginning of the year; and the weak US dollar.

"The big cyclical companies were supposed to be helped by the recovery, but instead they have come down thanks to the dollar and interest rates," says Mr Pierre Stiennon, Belgian equities analyst at Goldman Sachs in London.

As long-term interest rates in Germany have moved upwards, so Belgium's have followed suit, to settle roughly at 8.5 per cent. There are still question marks over the government's ability to reduce the size of the budget deficit; with the market still demanding a risk premium for investing in Belgium, the long-term rate is about 90 basis points higher than in Germany.

Short-term rates are also more likely to rise than fall. Even if the next step by the Bundesbank is down, I think that by this time next year, short-term rates will be higher," says Mr Guy Lemaux, an analyst at Pictet & Pictet in Brussels. "Inflation pressures may not be particularly visible, but they are certainly around."

The weakness of the dollar has affected the competitiveness of companies not just in Belgium but across all of Europe. Furthermore, many of

Belgium's biggest companies are highly sensitive to fluctuations in the dollar, with interests in the US and dominating much of their business in the currency.

A good example is Union Minière, the Brussels-based mining and minerals company. It sells a large part of its products to the European car industry but, as a largely dollar-denominated company, has suffered from the US currency's decline.

The result is that compared

with a year ago, the bourse has remained virtually flat, the Bel-20 hovering at around 1,350 points, down just 1.5 per cent.

Since the beginning of the year, when optimism about the recovery pushed prices higher, it has sunk by about 10 per cent. It is thus roughly in line with other European bourses. Domestically, economic conditions are stable. In October, inflation dropped to 2.12 per cent on an annualised basis and, as the Belgian daily newspaper *Liberation* optimistically described the situation: "Even if a small lift is expected before the end of the year, the inflationary pressure is not particularly present." Meanwhile, the Belgian savings ratio remains high, at over 20 per cent, with consumers displaying characteristic caution and preferring to wait before parting with savings.

This is bad news for the distribution companies, such as Delhaize in Lyon, the supermarket group, which have as yet shown few signs of recovery. A

more buoyant domestic scene would also help the banks which continue to make most of their profits in Belgium.

How, then, are analysts who track Belgian stocks weighing up the future?

"I think the interest rate outlook is more or less neutral," says Mr Stiennon of Goldman Sachs. "We believe that long-term interest rates will stay roughly where they are." A boost may be on hand, however, from the dollar. "We believe that the dollar has hit bottom," adds Mr Stiennon. "From now on, the dollar should be helpful for cyclical stocks."

He may be a little optimistic. Although he is not alone, some other analysts believe the US currency still has lower to go. From roughly Y97.30 and DM1.51 this week, pessimists believe the dollar could drop to Y90.50 and DM1.45 before beginning its ascent. Mr Lemaux believes that the next move for the stock market will be a hesitant step up. "But I am not sure whether it will be the cyclical, the interest rate sensitive companies, or the distribution sector. I take the slightly contrary view that some of the banks and retailers will do well," he says.

One positive piece of news is the decision by the authorities, announced earlier this month, to deregulate fees on bourse orders, a move which is widely expected to lead to lower fees for large private client orders.

The change was designed to bring the Belgian market into line with other stock exchanges but would have almost no impact for institutional orders where the fees are already freely negotiated in many operations.

Bank of Bruxelles Lambert was one of the first companies to react. It lowered its fees on all private client orders of more than Bfr7m to 0.3 per cent. Under the previous system, investors paid fixed commission fees of between 0.8 per cent and 1 per cent for orders of less than Bfr5m as well as a fixed 200 francs per transaction.

EUROPE

Selected German cyclical take heart

Mixed US jobs data were viewed as a source of confusion in Europe, rather than any real stimulus to equities, writes *Our Markets Staff*.

FRANKFURT extended Thursday's short covering process in the morning and the Dax index rose 16.08 to 2,087.56 on the session, nearly 10 points carried over from Thursday afternoon. In the post-bourse Dax closed at 2,069.39, barely higher on the week.

Turnover rose from DM4.9bn to DM5.6bn. In London, James Capel's economist, Mr Stephen King, said that the German recovery had regained momentum after a soft performance in recent months and suggested that the overall continental European recovery was driving German exports.

Selected cyclical took heart, both during the session and after hours. Hoechst in chemicals rose DM4 to DM35.50, and Daimler and MAN in automobiles and Deutsche Babcock among engineers each rose by DM7.50, to DM70 and DM409 and DM233.50 respectively.

However, there was more pain in retailing which had seen sell recommendations this week from various investment banks and a Thursday report showing retailers' sales down by a real 1 per cent in the first

FT-SE Actuaries Share Indices

Nov 4

Hourly changes

Nov 3

Nov 2

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Aug 10

THE EUROPEAN SERIES

Nov 4

Hourly changes

Nov 3

Nov 2

Nov 1

Oct 31

Oct 28

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Oct 25

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Winterthur registered added another SF710 to SF761 in further response to Thursday's interim while Swiss Re gave up SF77 of recent gains to SF748 on further switching into Winterthur.

AMSTERDAM's AEX index added 0.40 to 410.76 on gains of 0.5 per cent on the week. Hoogovens rose FI 1.90 to FI 82.00 on rising aluminium demand and its reiterated forecast that it expected a substantial second half improvement.

Among second line stocks, Volmac, the Dutch computer services group in which Cap Gemini Sogeti of France has a majority stake, rose to a new high of FI 24.50, up FI 1.10, on reports of increased order books.

MILAN was still fixated on banks as the Comit index added 5.43 to 629.30 for a 0.8 per cent rise on the week. Credito Romagnolo rose L29 to L16.962, investors digesting news that a 2 per cent block of its shares had changed hands at L19,500. Credito Italiano, pressing ahead with its bid for Romagnolo, fell L3 to L1,571.

Ambrovenote gave up L1.06 to L5.232 on the view that there was little upside left after BCI's bid for at least 50 per cent of the stock. BCI lost L37 to L3,533.

Premafin fell L153 or 9.4 per cent to L1,482 after news that its planned to raise up to L222bn through the issue of shares with warrants.

Olivetti rose L50 to L1,888 and Cir was L54 or higher at L1,809, although analysts said there was no news to account for the rises.

COPENHAGEN's CSE KFX index fell only 0.64 to 93.19. However, serious problems at the shipper and shipbuilder, B & W, dropped the latter by 54 per cent and hit its bankers. B & W fell DKr55 to a new 1994 low of DKr55, compared with a high of DKr53 in February. Den Danske Bank and Unihank dropped DKr7 to DKr224, and DKr6 to DKr313 respectively.

Written and edited by William Cochrane, John Pitt and Michael Morgan

SOUTH AFRICA

Johannesburg golds hovered around weaker levels on the back of a directionless gold price while industrials and financials consolidated early gains, with overseas interest still evident. The overall index ended 22 higher at 5,682, industrials rose 44 to 6,781 and golds lost 8 to 2,249.

ASIA PACIFIC

Nikkei up despite currency concerns

LONDON SHARE SERVICEINVESTMENT TRUSTS - CONT.[illegible][illegible]

For & Col US Sate & Co	88	+1	780
Warrants	99	+1	63
Crash Box	34		178

[illegible]

18	2.3	87.1	12.2
84	4.4	95.6	4.4
175	4.4	173.5	3.4
624	4.4	65.0	22.3
26	22.8	-	-
232	-	50.1	58.1
1342	-	-	-
238	9.5	289.3	1.4
28	35.2	93.8	7.4
624	5.8	78.8	18.2
88	-	-	-
191	2.3	197.4	1.3
129	0.1	148.1	0.1
83	-	-	-
124	3.8	137.8	2.4
228	-	-	-
71	17.8	-	-
182	-	231.0	61.2
2895	1.8	-	-
06	12.8	74.8	22.2
92	12.8	74.8	-
251	12.8	74.8	-
94	8.5	98.2	-

Gen Com Inc	<input type="checkbox"/>	108	-1	115
Cap	<input type="checkbox"/>	192		200
Standard	<input type="checkbox"/>	120		121

[illegible]

101	0.1	108.7	17.0
102	0.3	108.7	17.0
103	0.3	226.6	34.6
104	7.0	46.2	0.4
105	7.0	194.2	12.4
106	0.2	124.8	1.4
107	0.2	62.4	7.8
108	7.2	82.0	1.4
109	0.4	424.7	27.8
110	0.6	226.7	11.8
111	0.6	194.2	12.4
112	0.6	124.8	1.4
113	0.6	62.4	7.8
114	7.2	82.0	1.4
115	1.8	159.5	10.2
116	0.8	54.4	73.0
117	0.8	108.2	0.2
118	2.2	113.0	25.8
119	2.2	132.1	15.7
120	0.2	116.9	1.9
121	0.6	283.1	19.8
122	0.6	124.8	2.2
123	0.6	62.4	7.8
124	7.2	82.0	1.4
125	1.8	159.5	10.2
126	0.8	54.4	73.0
127	0.8	108.2	0.2
128	2.2	113.0	25.8
129	2.2	132.1	15.7
130	0.2	116.9	1.9
131	0.6	283.1	19.8
132	0.6	124.8	2.2
133	0.6	62.4	7.8
134	7.2	82.0	1.4
135	1.8	159.5	10.2
136	0.8	54.4	73.0
137	0.8	108.2	0.2
138	2.2	113.0	25.8
139	2.2	132.1	15.7
140	0.2	116.9	1.9
141	0.6	283.1	19.8
142	0.6	124.8	2.2
143	0.6	62.4	7.8
144	7.2	82.0	1.4
145	1.8	159.5	10.2
146	0.8	54.4	73.0
147	0.8	108.2	0.2
148	2.2	113.0	25.8
149	2.2	132.1	15.7
150	0.2	116.9	1.9
151	0.6	283.1	19.8
152	0.6	124.8	2.2
153	0.6	62.4	7.8
154	7.2	82.0	1.4
155	1.8	159.5	10.2
156	0.8	54.4	73.0
157	0.8	108.2	0.2
158	2.2	113.0	25.8
159	2.2	132.1	15.7
160	0.2	116.9	1.9
161	0.6	283.1	19.8
162	0.6	124.8	2.2
163	0.6	62.4	7.8
164	7.2	82.0	1.4
165	1.8	159.5	10.2
166	0.8	54.4	73.0
167	0.8	108.2	0.2
168	2.2	113.0	25.8
169	2.2	132.1	15.7
170	0.2	116.9	1.9
171	0.6	283.1	19.8
172	0.6	124.8	2.2
173	0.6	62.4	7.8
174	7.2	82.0	1.4
175	1.8	159.5	10.2
176	0.8	54.4	73.0
177	0.8	108.2	0.2
178	2.2	113.0	25.8
179	2.2	132.1	15.7
180	0.2	116.9	1.9
181	0.6	283.1	19.8
182	0.6	124.8	2.2
183	0.6	62.4	7.8
184	7.2	82.0	1.4
185	1.8	159.5	10.2
186	0.8	54.4	73.0
187	0.8	108.2	0.2
188	2.2	113.0	25.8
189	2.2	132.1	15.7
190	0.2	116.9	1.9
191	0.6	283.1	19.8
192	0.6	124.8	2.2
193	0.6	62.4	7.8
194	7.2	82.0	1.4
195	1.8	159.5	10.2
196	0.8	54.4	73.0
197	0.8	108.2	0.2
198	2.2	113.0	25.8
199	2.2	132.1	15.7
200	0.2	116.9	1.9

12-3	151
68m	71
42	48

7.99																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																					</
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61	2.4	105.2	18.3
45	-	-	-
38	-	-	-
33	8.5	53.8	10.4
28	-	-	-
180	3.9	110.8	2.4
161	3.2	237.2	24.8
1076	4.1	444.6	146
116	-	-	-
69	-	-	-
52	-	-	-
31	-	-	-
24	-	-	-
84	11.2	67.3	4.3
61	-	-	-
228	1.8	273.8	14.5
18	-	-	-
26	2.6	67.8	8.8
22	-	-	-
572	1.0	607.8	-10.9
58	8.1	80.3	-5.3
30	0.2	145.3	10.5
20	-	-	-
77	-	-	-
07	-	-	-
79	-	-	-
28	-	-	-
26	-	-	-
10	6.0	174.2	15.5
4	3.4	248.0	19.8
46	-	-	-
13	-	-	-

Shawmut Corp.	291	---	188
Standard	292	---	334
G. D. Inc.	293	---	351

[illegible]

38	-	255.4	13.3
39	19.8	-	-
40	-	70.4	58.7
41	6.1	19.3	8.2
42	0.0	73.0	8.3
43	-	-	-
44	14.7	-	-
45	-	93.8	54.8
46	7.4	71.4	9.7
47	-	-	-
48	3.8	132.6	0.5
49	22.2	-	-
50	-	619.5	10.4
51	3.4	227.0	12.5
52	3.0	139.7	5.9
53	-	53.1	2.1
54	0.2	153.3	3.7
55	0.2	163.8	0.1
56	-	-	-
57	5.3	256.6	-1.7
58	-	97.8	14.2
59	-	-	-
60	3.2	693.3	4.8
61	-	108.0	-2.4
62	-	-	-
63	19.8	-	-
64	-	308.6	18.6
65	1.6	409.8	-6.7
66	2.4	56.7	8.3

28	21
522	585
141	174

[illegible]

10	4.0	124.5	10.5
10	4.6	133.8	1.2
12	-	-	-
17	-	102.7	1.2
17	-	-	-
10	2.2	121.6	6.2
10	0.8	92.9	4.8
17	-	-	-
7	4.7	333.1	-3.3
4	-	-	-
9	1.1	471.0	-2.3
9	-	-	-
0	13.8	-	-
0	-	106.0	26.5
3	4.3	208.6	-2.7
2	4.7	207.8	10.6
0	-	-	-
0	3.7	134.5	10.0
8	0.8	96.0	8.2
7	3.5	112.7	5.1

City & County	4N	105	142	19
Wards	45	73	47	
1 Feb 2006				

[illegible]

8.9	-	-
1.4	140.1	48.7
-	193.3	3.3
-	12.0	10.4
-	100.1	12.1
-	270.8	11.7
12.2	-	-
3.6	325.1	21.8
-	103.9	8.6
12.8	72.3	-18.8
1.2	397.0	10.1
5.3	344.1	3.1
0.3	48.7	8.7
0.3	237.3	13.7
-	178.6	10.8
1.7	131.4	17.9

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LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

Trust Name	Price	1994	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	99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Fall in US jobless adds to fears of rate increase

By Nancy Dunne in Washington and Philip Gawth in London

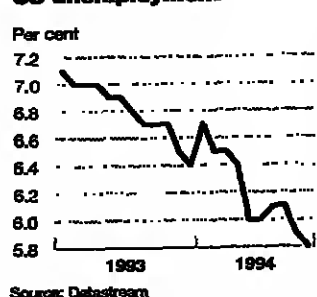
The US unemployment rate dropped to 5.8 per cent in October, a four-year low, raising expectations in financial markets that the US Federal Reserve will push up short-term interest rates later this month.

Although the monthly increase in jobs was below market expectations, indications of mounting wage pressures prompted a sell-off in US bonds. Yesterday evening the 30-year benchmark bond had fallen by half a point, to yield 8.15 per cent, its highest level since August 1991.

The dollar was steady, with traders wary of selling after Federal Reserve intervention to support the currency earlier in the week. It closed in London at DM1.8235, from DM1.8146, and at ¥97.8 from ¥97.606.

The debate over interest rates appears no longer to be about whether the Fed will move. Currency market analysts said yesterday it was a question of when

US unemployment



Source: Datastream

rates would be raised, with most expecting an increase to be announced after the Federal Open Market Committee meeting on November 15.

The jobs report gave President Bill Clinton an opportunity to highlight the expanding economy as he campaigns ahead of mid-term elections next week. Mr Clinton claimed that more jobs have been created this year than in the previous five.

He said the improvement was due to increased productivity,

and to the partnership between his administration and business to boost exports. While non-farm job growth in October, as measured by a survey of employers, was 194,000 – less than expected – factory jobs soared by 40,000.

The reasons for the continuing discontent among US voters were also reflected in the jobs report. Americans are working longer hours – the factory workweek is averaging 42.1 hours, a level not seen since the end of the second world war. About 1.6m people – 5.1 per cent of the labour force – are working more than one job. However, average hourly earnings soared 0.7 per cent to \$11.24 an hour, twice the increase generally expected.

Ms Katharine Abraham, commissioner of the bureau of labour statistics, said the growth in manufacturing jobs reflected "moderation in job declines" in defence-related industries.

The rising yen, Page 7; Currencies, Page 11; US stocks, Page 21; Markets, Weekend II; See Lex

Russia's deputy PM resigns over reform of economy

By John Lloyd in Moscow

Mr Alexander Shokhin, deputy prime minister of Russia and the senior reformer in the cabinet, tendered his resignation last night, saying that economic reform would not succeed under the current government.

The resignation comes as international financial agencies are considering plans to stabilise the rouble with the aid of foreign loans. One anxious official said last night: "There seems to be a constitutional crisis going on."

The immediate cause of Mr Shokhin's decision to step down was the nomination yesterday by president Boris Yeltsin of Mr Vladimir Pavlov to the post of finance minister. The appointment of the former deputy head of the president's budget department appeared to reflect a continuing struggle between Mr Yeltsin and prime minister Victor Chernomyrdin.

Mr Shokhin said that Mr Chernomyrdin had told him that he knew nothing of Mr Pavlov and had never met him. According to sources close to the government, Mr Chernomyrdin had been consulted about Mr Pavlov and at first opposed him.

The appointment of Mr Pavlov is part of the fall-out within the government after the collapse of the rouble on October 11, when the currency lost almost a quarter of its value against the US dollar.

The acting finance minister and central bank governor resigned under pressure from Mr Yeltsin, whose advisers have continued to blame Mr Chernomyrdin's government for the instability.

A clearly bitter Mr Shokhin complained: "The economy has become a hostage to politics." At stake, he said, was a budget that aims to bring inflation down to 1 per cent a month by the end of next year – it rose to 15 per cent in October. The International Monetary Fund has indicated that it might support the budget with aid of about \$14bn next year.

Mr Pavlov, 56, was a career official in the Soviet finance ministry, rising to become a deputy finance minister, and has a reputation as a competent professional but not as a reformer.

His entry into his new department yesterday was an ambiguous one. Mr Chernomyrdin introduced him to his deputy ministers and senior colleagues with the words: "I tell the new minister that a large amount of work has been done on the budget. We will not swerve from the course we have chosen."

Mr Shokhin replied, according to one participant in the meeting, that "there is a lot to be done". According to another observer of his first meeting with his senior colleagues, Mr Pavlov also said: "Now, let's get a real budget."

THE LEX COLUMN Inflation aggravation

Yesterday's US jobs data will keep the pressure on the Federal Reserve to raise interest rates. True, October's rise in non-farm employment was lower than expected. But hourly earnings increased sharply and there was a jump in the length of the working week. The message is that strong economic growth is finally abating up in wage inflation. Currency and bond markets will be sorely disappointed if the Fed does not take action to counter inflation at its meeting on November 15. A half-point rise is already widely discounted; only a full point will convince the markets that the Fed is in control.

This week's intervention in currency markets by the US authorities has bought a breathing space for the dollar. Traders were caught with short dollar positions and scrambled to cover themselves. But sentiment could easily be knocked again. One trigger would be a particularly strong performance by the Republicans in Tuesday's mid-term elections: the party has campaigned on a tax-cutting agenda and markets will worry if budgetary discussions look like becoming even more deadlocked than usual. Another trigger would be lack of enthusiasm in next week's \$29bn refunding exercise by the Treasury.

Meanwhile, European bond markets are finally showing signs of thinking for themselves. Since mid-September most have outperformed Treasuries, with gilts doing especially well. Yesterday was another good day for European bonds. A complete decoupling from the US – with European bonds rising while Treasuries collapsed – is unlikely. But further outperformance would be justified.

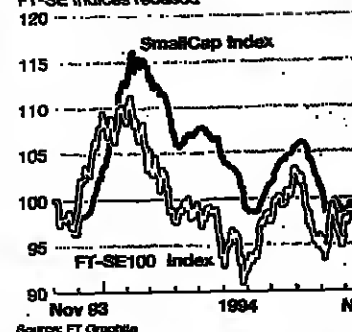
Forté

The fund-raising for Forté's acquisition of Meridian hotels has been well-handled. The hotel group's share price has remained strong while the new equity was raised at only a small discount. Forté had been at pains to point out that it could cover the costs with extra borrowing and played down the idea of a rights issue which would have depressed the price. Yet some form of equity issue always seemed the most likely route. Forté's gearing is already set to rise to over 60 per cent at the year-end due to a change in the balance sheet treatment of sale and leaseback arrangements in line with new accounting conventions. Although this is mostly a matter of presentation, raising new equity does

FT-SE Index: 3097.6 (-6.8)

Smaller companies

FT-SE indices released



Source: FT Comput

give Forté more flexibility. In particular, it will not be under any time pressure over the sale of its stakes in Alpha Airports and Gardner Merchant. If it had been seen as a forced seller, it would have been unlikely to get the best prices.

The fact that Forté has opted for a fairly modest placing rather than a full rights issue may reflect its reluctance to issue shares, or merely to do so at a big discount. Theoretically, the bulk of the new shares were placed on behalf of Meridian's vendors, so institutional investors' pre-emption rules, which limit placings for cash to 7.5 per cent of capital in any three-year period, did not apply. As a result, the shares could be placed with old and new investors at a 4 per cent discount rather than offered to existing shareholders for considerably less. This significant difference rests on an illogical distinction in the pre-emption rules and it is high time they were changed.

Smaller companies

Smaller companies underperformed large capitalisation stocks sharply in the third quarter, while the FT-SE 100 index delivered total returns of 1.6 per cent, the FT-SE SmallCap yielded a 2 per cent negative return. This comes after a long period of outperformance and looks odd given the robust outlook for smaller companies' earnings.

Part of the reason for the decline is the market's general listlessness, which has resulted in the limited trading volume being concentrated in large, liquid stocks. Another explanation is that small companies are strongly weighted towards general

manufacturing, a sector which has fallen out of favour. Either way, the fall in share prices has served to accentuate small companies' relative attractions at this point in the economic cycle. Profits are set to grow more rapidly than at big companies during 1994 and 1995, yet valuations have become less demanding: the traditional premium over the market as a whole has shrunk.

Of course, the outlook for small companies depends critically on prospects for equities as a whole. For those who are sanguine about the general outlook, now is a good moment to seek bargains. The limited marketability of these companies' shares will deter the faint-hearted. But buying amid a general rally in the market at a later date is likely to prove difficult: lack of liquidity would then act as a catalyst to further outperformance.

Japanese banking

Yesterday's call from Japan's banks for a further dose of deregulation does not indicate mass conversion to free-market economics. But it does say a fair amount about the tight conditions in which the banks find themselves. Ironically, one of the problems is the liberalisation last month of deposit rates. Banks are now free to compete for deposits, with the result that funding costs are set to increase sharply.

On top of this comes the effect of rising interest rates: traditionally, Japanese banks find they have to raise savings rates faster than they are able to put up lending rates. Moreover, with most corporations still busy paying off debt, banks have little hope of expanding their loan books.

The banks' reaction has been to urge the ministry of finance to enact 80 separate deregulatory measures. Some, such as the extension of the maximum period for certificates of deposit, are designed to give them greater freedom in how they raise funds. Others would allow them to move into higher margin businesses such as selling insurance and investment trusts.

The cautious ministry may well be tempted to respond to the banks' pleas with half-measures. But half-measures could merely set up trouble, as the ministry's deregulation of deposits shows. Some group or other will feel disadvantaged and press for more liberalisation to compensate. Whether it likes it or not, the ministry may eventually find itself driven to accept full-blooded deregulation.

Serbs call up forces

Continued from Page 1

raised the possibility that the UN might order air strikes if the Serbs reacted to their latest military reverses by bombing civilian targets. Bihac is one of six enclaves under UN protection.

Officials from the US, Russia, the UK, France and Germany – the five nations which make up the "contact group" on Bosnia – are due to meet in Zagreb this weekend. Although the five nations have differed in their comments on the latest fighting, the fact that the meeting is taking place was seen as a signal of continued determination to work together on a settlement.

PO levy cut

Continued from Page 1

privatisation debate, mounted a strong defence of Mr John Major's continued command of the government.

He said that the Queen's Speech on November 15, which sets out the government's legislative programme for the coming session, would be a "relevant, radical, forward-looking speech by a government that is in charge".

However, the dispute appeared to have widened the gulf between Mr Major and the party's vituperative right wing.

Private buyers shun UK new car market

By Kevin Done, Motor Industry Correspondent

UK new car registrations fell last month by 3 per cent year-on-year as the market weakened under pressure from declining sales to private buyers.

Registrations in October slipped to 122,526 from 125,305 in the same month a year ago, according to figures released by the Society of Motor Manufacturers and Traders.

The rate of growth in UK new car sales has fallen sharply since the summer. In the first half of this year, registrations rose 14 per cent, but from July to October sales have risen only 2.2 per cent year-on-year.

The decline in new car sales in October is the second monthly year-on-year fall this year and follows a drop of 2.5 per cent in July, the smallest sales month, in the first 10 months, new car sales have risen 3.5 per cent to 1,718,822.

In contrast to weakening demand in the new car market, registrations of new commercial vehicles rose 15.1 per cent in October and have risen 15.4 per cent in the first 10 months, reflecting stronger business confidence.

The main factor behind the decline in new car sales in October was the 11.5 per cent drop in

sales to private buyers. "This is a worrying trend," said Mr Ernie Thompson, SMMT chief executive.

Mr Neil Marshall, director of public policy at the Retail Motor Industry Federation, said sales to private buyers had fallen significantly for four months.

"There is a growing nervousness in the marketplace over the potential impact of the forthcoming Budget, and consumer confidence is already fragile following recent talk over interest rate rises," he said.

The share of new car sales to private buyers in the UK has declined to 50.1 per cent in the first 10 months from 53.2 per cent a year ago. The share fell as low as 46.3 per cent in October.

Until now, the new car market has been sustained by rising demand from the large fleet and small business sectors. The rate of growth slowed in those segments too in October, however, with an increase year-on-year of 5.7 per cent.

Imported cars are gaining a higher share of the market this year and accounted for 57.4 per cent of UK new car sales in the first 10 months compared with 55.6 per cent a year ago.

UK new car registrations, Page 4
Rover spends more on parts, Page 4

Bock promises to concentrate on Lourho

Continued from Page 1

whether to redevelop the group's headquarters, in the City of London's Cheapside.

Lourho's share price rose 12p

yesterday to close at 144.5p.

Mr Bock said he was relieved that the battle with Mr Rowland was at an end. "It will take some time to really relax and move forward without the burden of hav-

ing someone on my back." He was not afraid of reprisals from Mr Rowland, the dominant force in the company for 33 years. "He may try to hurt me with words, but I can cope with that."

FT WEATHER GUIDE

Europe today

A weakening depression north of Scotland will slowly move east. Its associated front will stall from the west of Scandinavia across the North Sea and France and into the Mediterranean. As a result, northern Scotland, western Scandinavia, the eastern UK, the western Benelux and parts of France will be overcast with rain. Showers, some accompanied by thunder, will occur in southern France and the western Mediterranean. Other parts of the UK and France will have sunny spells. Most of Spain will have cloud interspersed with sun. Significant precipitation is expected in north-west Italy and the western Alps. Some cloud will also affect the southern and western Balkans but it will be sunny towards the north-east. The rest of Europe will have sunny spells.

Five-day forecast

Showers, some with thunder, will remain over the Alps and Italy. This area of rain will slowly move south-east and will affect the south-west Balkans later next week. Western Spain will also have rain periods. A high pressure area over Iceland will develop and bring more settled conditions to Scandinavia. North-west Europe will remain unsettled.

TODAY'S TEMPERATURES

Location	Temp	Location	Temp	Location	Temp
Abu Dhabi	sun 34	Belgrade	sun 13	Casablanca	sun 18
Algiers	sun 30	Berlin	sun 14	Chicago	sun 18
Amsterdam	cloudy 10	Bombay	sun 29	Cologne	sun 17
Athens	sun 18	Buenos Aires	sun 22	Dakar	sun 29
Atlanta	sun 18	Calcutta	sun 33	Dallas	sun 18
B. Aires	showers 25	Chengdu	sun 10	Delhi	sun 29
Bombay	sun 29	Cairo	sun 22	Dubai	sun 34
Bangkok	sun 34	Cape Town	sun 18	Dubrovnik	sun 20
Barcelona	sun 18			Edinburgh	cloudy 10

Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

Location	Temp	Location	Temp	Location	Temp
Cardiff	sun 11	Fero	sun 19	Madrid	cloudy 10
Cardiff	sun 11	Fero	sun 19	Madrid	cloudy 10
Cardiff	sun 11	Fero	sun 19	Madrid	cloudy 10

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Weekend FT

SECTION II

Weekend November 5/November 6 1994

It was the longing for the tide. "I wanted to see the ebb and the flow," said Hanne-lore Böhm. "We could never see it at the Ostsee (Baltic Sea) in east Germany. It has no tide."

Böhm was born in 1929 in Görlitz, a beautiful nineteenth century town tucked deep in the south-eastern corner of Germany. Unscathed by bombing during the second world war, Görlitz had been divided between East Germany and Poland after 1945. Territory east of the river Neisse had been ceded to Warsaw. "This part of the country never had access to West German television during the DDR days. We could never travel to the west. We could never see the tide," said Böhm.

The chance to travel came soon after the Berlin Wall fell on November 9 1989.

"It was May 1990. We went to visit a cousin in Ravensburg. We were very excited. But then he told us that the time spent under the DDR were 40 wasted years for which we had nothing to show. The arrogance, the ignorance was awful."

Under the Communists, Böhm also never had the chance to study medicine, a profession practised by her father and grandfather. "After the war, I applied for a university place. But it was forbidden. I was from a bourgeois family. They said it was now the chance of the workers. What could I do? I started a family. It was only in the late 1980s that my brother was allowed to study medicine. I later trained as a teacher. Until 1989 I was deputy head of the school here in Görlitz. I never joined the Communist party."

□ □ □

"With hindsight, I realised how much we lived in a cosy world."

Jens Reich, professor of molecular biology at the Max Delbrück Centre for Molecular Medicine in Buch, east Berlin, was sitting in his office. From his window, a spectacular array of red and rust autumnal leaves was falling.

Reich, a long serving member of the East German opposition, had been one of the founding members of Neues Forum, the independent civil movement set up in east Berlin during September 1989, the month thousands of East Germans were trying to escape to the west via the West German embassy in Hungary. Earlier this year, he ran for federal president. He is now waiting to be reconfirmed as professor.

"Before unification, I was stressed at work. But everything was clear. The politics was clear. The resistance of the people was defined. We knew where we stood with the economy. Everybody knew what to do. You did not have to worry about your future. We lived on a modest level. But we were living like children. Now we are adults."

Are the east Germans finding it difficult to cope with adulthood which has been so quickly thrust upon them?

"I can't explain it very well. But adulthood means taking responsibility which means mastering the



The Wall is gone but the burden remains

How are the people of the former East Germany adjusting to unification? Judy Dempsey asks them and finds them unsettled by change and lacking in self-confidence

strength to make decisions. A lot of people lack the strength to have inner responsibility. We are now responsible for many more things, things that we had earlier only dreamed about. Then, we were like birds in a cage."

He gazed out the window. "I never want those days back again. It is sufficient for me to read my old diaries to recall the Mauerkrankheit - Wall sickness - and the melancholy we had."

What is it about unification that is so unsettling for the east Germans?

"It's partly a kind of resentment. People have lost their equilibrium. Their self-confidence. Maybe that is why many voted in the last federal election for the PDS (the successor to East Germany's former Communist party). Deep down, it is a sort of inferiority complex. Injecting money is no substitute for overcoming the psychological problems."

What sort of psychological problems?

"Everything was got rid of so

quickly. There was no transition period. The whole establishment of the society had been changed, and to a much greater degree than in West Germany after 1945."

Was it the speed with which the West German system was imposed on east Germany which has contributed to this disequilibrium?

"Here in east Germany, everything had to be refurbished in order to conform to the bureaucratic prescription of the west. I think part of this process represented the inferiority of the west Germans. The first thing they did was to implant western conditions here. You felt they were uneasy if things did not look like what they were accustomed to. The furniture. The towels. Everything western had to be transplanted on the east. It was like a Gummoli tree being transplanted in a botanical garden."

Jens Reich sat very still. "It is our fault. You defend your culture or you simply imitate." He looked at his desk, packed high with papers, documents, books and forms.

What do you feel personally about unification?

"Believe me. I do not want the old system back. I am a winner. My wife is a winner. My children are winners. I feel free now. But that is not the panacea for happiness. I am free in my work. To decide the budget. How I will allocate it. To pursue particular lines of research. I have to be responsible for my life and the future."

How has this sense of responsibility changed you?

"In some ways I often deplore the loss of Knappheit (scarcity, or shortages). I now have a lot of books. But I don't have the time to read. Ten years ago a western magazine kept us happy and busy for a whole weekend. I remember what a gift it was when someone came with a new edition of some philosopher. What a feast!" Reich added that the book would be shared with friends and would be discussed for days.

"In those days, there was a scarcity of intellectual supply. With hindsight, that is something which I

now value. It made me hungry. It made me read with wide open eyes. Of course the shortages were terrible. But now I read without an appetite. My appointments diary is full. I have an impulse to throw it away and hide myself and not answer any more calls. Simply to re-establish some equilibrium. Do you know what I mean?"

He stared out of the window. "There is so much to be done besides ending this dis-unification. We must oppose the tendency towards resignation."

Is Chancellor Kohl prepared to address these issues of the dis-united Germany?

"Look at the recent election campaign. Not a word was said about the future. It was kept out of the campaign. The decisions that have to be made were quite happily forgotten. They were pushed aside. These were the first signs of a reunited Germany: not to take up the burden of responsibility; not to ask about our national interests as a united Germany and our place in

the world; not to address the huge potential for instability in the east, our neighbours."

Reich looked at the time. "I have to go to another meeting," he said. He put on his dark grey woolen jacket. It seemed to add to his burden of responsibility.

□ □ □

"We had the chance to build socialism. But we gambled it away." Egon Krenz, East Germany's last ruling Communist party leader was sitting on his terrace in Pankow, east Berlin, once home to East Germany's Communist elite. The terrace faced out on to a large, lush, green garden.

Now aged 57, Krenz had spent all his life in the Communist party. For years he had been groomed for the top party post by the late Erich Honecker. His chance came on October 18 1989, two days after 100,000 people demonstrated in Leipzig to demand reforms and the free East Germany. But the immense

pressure from the East German people proved too much for Krenz and the Communists. He resigned just seven weeks later on December 3, joined by the entire politburo and central committee.

"We had a dream. To build something different from capitalism." Do you have regrets about how you treated people?

"Look what unification has done. The settling of accounts of East Germany's past has been so total. The East German intellectuals have been totally decapitated. East Germany was a country. It was our fatherland."

Do you not have any responsibility or guilt for the way in which the Communists ran the country?

"Of course we made mistakes. But that's not the point. I believed in the idealism. Look, I am not nostalgic for the past."

Krenz took out his old identity card of the former German Democratic Republic. On one of the worn

Continued on Page XIV

CONTENTS

Finance & Family: Latest on the DIY pension scheme VII

Perspectives: Taking the knife to the Swiss army XIV

Travel: A Zimbabwe safari and Scotland's great wilderness XII, XIII

Food & Drink: Jancis Robinson on the power of the supermarkets XV

Fashions: Nick Ashley's laddish hi-tech style XXIV

Arts: Clement Crisp sees a caricature of Sleeping Beauty XVIII



This is the night that sales explode XI

Arts: Books, Bridge, Chess, Crossword, Collecting, Fashion, Finance & the Family, Food & Drink, Gardening, How To Spend It, Markets, James Morgan, Motoring, Perspectives, Private View, Property, Sport, Travel, TV & Radio

The Long View/Barry Riley

When deflation rules



Despite diving into crippling deficit only four or five years ago, Britain's corporate sector is now becoming awash with wealth. In the first six months of 1994, industrial and commercial companies were running a surplus of nearly £20bn a year. The future course of the economic cycle will now depend largely on how they decide to spend it.

According to the latest CBI quarterly survey, business optimism is now back to cyclical peaks last seen during the mid-1990s. National output has at last moved above the 1990 pre-recession high point and is climbing at nearly 4 per cent year-on-year (including a bonus from higher North Sea oil output).

The corporate sector has reaped unusually lush rewards for two main reasons: the 1992 devaluation has boosted export profitability and, in a depressed labour market, nearly all the rewards of a leap in productivity are accruing to employers. While personal incomes from employment are edging ahead at about 3 per cent a year, company trading profits are jumping by 23 per cent. That is why profits as a share of GDP rose from 12 to 14 per cent in 1993 and may top 15 per cent this year. Because spending on fixed investment and stocks has, if anything, fallen back, the result has been a rapid surge into financial surplus.

What happens now? The conventional (and official) wisdom is that the corporate sector should plough back its wealth into growth by increasing its investment spending. One of the present economic scares is that the economy will soon run into the buffers of a capacity constraint, capping growth and triggering inflation. The scale of any remaining "output gap" remains vague but - according to the Bank of England's *Inflation Report* this week - is certainly substantially smaller than a couple of years ago. Investment intentions are now positive, according to the

CBI survey, but are not yet back to late 1980s levels. Of course, there are big changes going on in the productivity of invested capital: quality is just as important as quantity.

There are other uses for corporate wealth, however. Dividends have been unexpectedly strong, rising by 7 per cent over the past 12 months and heading for perhaps 9 per cent growth next year, according to City expectations. In some cases, such as where profits are piling up in monopoly utilities and capacity expansion would be inappropriate, capital is being returned to shareholders: East Midlands Electricity is giving back £180m before Christmas. Barclays bank, running short of lending opportunities, is said to be considering something similar.

For the time being, certainly, the corporate sector surpluses are serving to reduce borrowing: companies have become debt-averse after the financial scares of the early 1990s. Now the tables are turned and these are anxious times for the banks, because companies are continuing to repay borrowings at roughly last year's £11bn annual rate.

When British companies hooses have money to burn, they resort traditionally to take-over activity. At the height of the last acquisition boom, in 1983, British companies spent £27bn on acquisitions and increased their bank borrowings by £24bn to help pay for these and other excesses.

The wave of take-overs at home and abroad produced many disasters: an interesting research report from the Federal Reserve Bank of New York this week suggested that foreign companies (Britain's prominent among them) spent \$316bn on US acquisitions in the past decade but are, in aggregate, running them at a loss. At home, the battle for control of VSEL suggests that the bad old habits of buying second-hand capacity rather than building new factories are still evident. But spending on acquisitions was only £7bn last year and has not accelerated greatly in 1994.

There is one other way in which companies could spend their new-found riches. They could cut prices - some call it an investment in market share. True, it is not a British attitude; but when Rupert Murdoch found that his television businesses had turned round into surplus last year, his response was to recycle the money into newspaper price reductions.

The British approach, judging by the ambitions of those replying to the CBI survey, is to exploit an unnecessary shortage of supply by being slow to increase capacity and then raising prices (as a balance of 20 per cent are hoping to do in the next four months). This is the attitude that led to such a rise in import penetration in the past. It became ingrained when British companies regularly faced spiralling labour costs and an over-valued currency.

Surely, though, companies should be more aggressive when labour costs are quiescent and profitability is high. The outcome might vary from sector to sector and plainly will be different in retailing or food manufacturing, where capacity will remain excessive, than in capital goods, where it might soon become short.

Meanwhile, of course, a revenue-hungry chancellor could have his own designs on the corporate sector's riches. The Treasury has changed the details of dividend taxes already: it did that 18 months ago, and the full impact is now coming through. It would be surprising if companies escaped unscathed in this month's Budget.

From the investor's point of view, the challenge is to judge the durability of the profits boom. Has there been a permanent structural shift towards capital? Or will a cyclical rise in costs push the profit share back down towards its historical norm? Relative strength in sterling, certainly against the dollar, might prove to be an important factor here.

The unusual feature of the 1990s is that it could be the deflationary forces acting on prices that take the icing off the cake, rather than the more familiar upwards pressure on costs.

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MARKETS

London

Roll over Tiny, sell-offs and superstores

Andrew Bolger

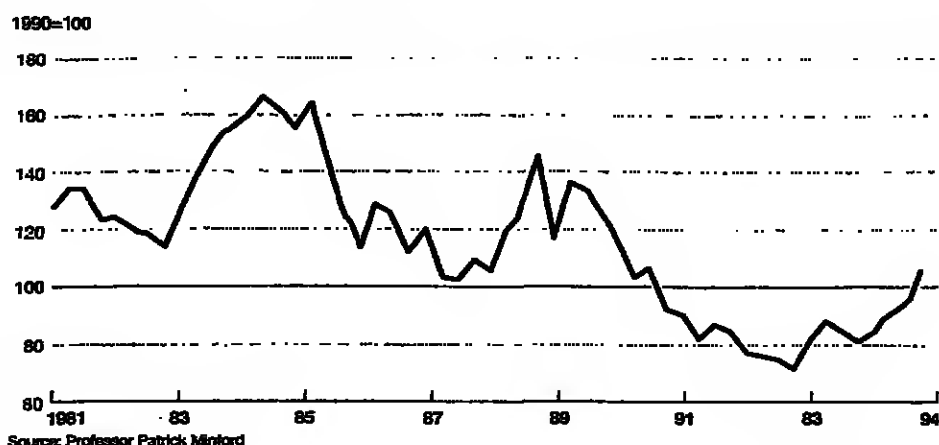
Suddenly, things change. Several years that had helped define British business life over many years came to an end this week: government enthusiasm for privatisation, the growth of out-of-town supermarkets and Tiny Rowland's reign at Lorrho.

Selling off the Post Office always threatened to be a privatisation too far for the Conservatives. So it proved for a handful of their backbench MPs, who forced the government to abandon what would have been the centrepiece of its forthcoming legislative programme.

One reason for the recent backlash against privatisation has been the behaviour of the water companies since they were sold off. The government was anxious to ensure that the industry would have funds to make long overdue investment in infrastructure, so the companies were offered a generous regulatory regime.

The water companies have responded by pushing up

Real commodity prices



Source: Professor Patrick Minford

supermarkets next year compared with plans for 20. The group won only one out of nine planning appeals this year, and did not foresee a reversal of this in the near future.

Sainsbury increased its interim pre-tax profits by 6.5 per cent. However, it said like-for-like sales, excluding new space, increased only 1 per cent, with price deflation of 0.6 per cent. The fall in prices was partly a result of Sainsbury's "Essentials" price-cutting campaign, which started a year ago. David Sainsbury, chairman, said he believed the campaign had neutralised the threat from low-priced discount competitors, and profit margins could now be held.

The big retailers have certainly fought back hard against their discount rivals. Kwik Save consolidated its position as Britain's leading discount grocer through buy-

ing 117 Shoprite stores in Scotland and northern England for £45m. Shoprite is the first failure among the discount chains that expanded rapidly in the UK during the 1980s. Shoprite's shares were best performers in the food retailing sector last year, but plunged after the group expanded too quickly, paying too much for sometimes substandard sites.

The departure of Rowland after 33 years at the head of the international trading conglomerate Lorrho had been often predicted. So often, in fact, that the initial reaction in the City was to doubt whether the German pretender Dieter Bock really had ousted his fellow joint executive. It does appear that the 76-year-old swashbuckler is on the way out, but no-one who has followed his extraordinary career would assume we have heard the last from Tiny.

Such *fin de siècle* musings proved diverting in an equity market which continues to suffer low turnover, high volatility and sporadic alarms from the currency and bond markets.

The week's main event was the Bank of England's quarterly inflation report which said the UK's inflation outlook had improved. Its forecast of underlying inflation (which excludes mortgage interest payments) in mid-1996 has been reduced to 2.5 per cent, from around 3 per cent in its last forecast. However, the bank also implied that interest rates would probably need to rise over the coming months to keep inflation on target.

Relief on Tuesday that an immediate interest rate rise did not appear to be on the cards helped turn around an

early 20-point fall in the FT-SE 100, which had been provoked by the adverse reaction of the dollar and global bond markets to figures showing the highest level of US business activity for seven years.

The fall of the dollar to a postwar low against the yen on Wednesday provoked strong intervention by the US Federal Reserve. British bonds responded favourably to the better performance by US bonds and the dollar, and this bolstered London equities.

Traders finished the week in uncertain mood. There is some concern that the next rise in interest rates will be dictated not by domestic inflation concerns, but in response to an increase in US rates to support the dollar. That will not happen before Tuesday's US midterm elections, but the City spots a window of opportunity for the chancellor to push up rates between then and his November 29 Budget.

The Treasury's six-man panel of independent economic forecasters advised the chancellor against an immediate rise in interest rates. Professor Patrick Minford of Liverpool University said no one should be misled by the large rises in commodity prices over the past year. He said most of the increase was a necessary correction to their huge past relative price declines.

A milestone week ended with news that two investment banks are planning to move staff into Canary Wharf, which would reduce the £1.5bn Dockland complex's unoccupied space to less than 1m sq ft. Canary Wharf no longer a white elephant? Can one rely on nothing these days?

Serious Money

A strange birth and an awkward death

Gillian O'Connor, personal finance editor

A hit of commonsense seems to be coming back to the main new issues market. Promising issues such as Thorn are resoundingly oversubscribed; chancier ones such as New Look are aborted. This is how the issues market is meant to work - saying "yes" to the sheep, "no" to the goats.

Vetting them is a suitable job for the pros - sponsors and the investing institutions. And once a company has been accepted on to the market, private investors can have some confidence that it will not fall to pieces quite as quickly as some of this summer's debutantes - Aerostructures Hamble, for example.

So all is for the best in the best of all possible worlds - at least for the next week or so. But one corner of the issues market is still lagging behind this brave new world: investment trusts.

Consider Abtrust Latin American Investment Trust, which has just raised £20m through a placing with institutional investors. Abtrust was delighted with the response. Which seems fair enough - until you check out the names of some of the key shareholders. Top of the list is Abtrust itself. Then come Murray Johnstone, Jupiter Tyndall, Fleming. Those four account for nearly half the shares placed. And curiously enough the other three all run several overseas trusts themselves.

Nice to know that competition is so civilised in the fund management industry. But does not such enthusiasm for taking in each other's washing look just a teeny weeny bit like backscratching?

some personal investors. For suspensions tend to penalise the innocent bystander.

The classic case revolved around Jim Raper at St Piran. The stock exchange kept shares in all Raper's companies suspended for over two years in a vain attempt to force Raper to play by the rules.

Such efforts to protect the public interest all too often end up by penalising those members of the public actually involved in the test case.

But how much better is it if the exchange turns a blind eye to irregularities and attempts to mend its ways? A rather sad little bulletin this week announced the impending retirement of one of the exchange's oldest quoted companies, Van Diemen's Land.

First granted its Royal charter in 1825, the company, which owns a large chunk of Tasmania, has applied to have its London Stock Exchange listing cancelled with effect from November 14.

The background to this statement is an ongoing tussle between the company and the stock exchange over the fact that only 12% per cent of the shares are in public hands - half the proportion stipulated in the rulebook.

So far, so dry. The background to the background is a touch more colourful. During the past six years a controlling shareholding in Van Diemen's has been handed round a chain of ageing whizz-kids: David and Richard Thompson (Hillsdown), David Kirch (property), Graham Ferguson Lacey (ubiquitous entrepreneur and evangelist). A year ago the stake ended up with a New Zealand company called Tasman Agri-culture, a company in which Sir Ron Brierley's Brierley Investments is believed to have a large interest.

Tasman has already spent a lot of money turning part of Van Diemen's territory into a Broddingnagian dairy farm. Later this year it will propose

both a rights issue and a cash offer to minority shareholders. But the listing will have gone before details of either offer are known.

This is not how minority shareholders in a company with a London Stock Exchange listing expect to be treated. Van Diemen's shares, which touched 600p in the mid-1970s, were quoted at around 85p-95p yesterday, but have been rising sharply since early 1993 - presumably in the hope that Tasman will think it worth paying over the odds to mop up the minority.

Van Diemen's is a rather grubby little tale with an obscure ending. Once again the Stock Exchange has proved incapable of protecting investors. But at least they have always had the chance to cut and run.

□ □ □

The Personal Investment Authority this week suspended a financial adviser for the first time. What happens to the firm's existing clients? The PIA is unlikely to have taken such a step frivolously. So they may be cooling their heels for quite some time. In the interim period, the adviser is not allowed to give them any fresh advice, but he can legitimately report on the progress of their existing investments.

The real question for clients is whether to wait around to find out the end of the story. There are three possible outcomes to a suspension. If the adviser appeals, the case is heard either by the chief executive as a matter of urgency or by the disciplinary committee in due course. The latter can apply to have the adviser's membership terminated. Or they can ask the firm to remedy specific defects and then lift the suspension.

Not much fun for the clients. But at least the door is always open.

HIGHLIGHTS OF THE WEEK

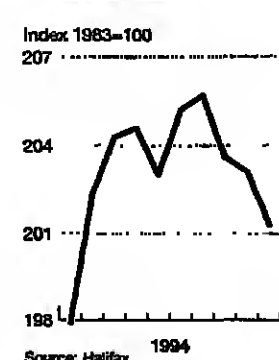
	Price	Change	1994	1994	
	ytd	on week	High	Low	
FT-SE 100 Index	3057.8	+13.8	3520.3	2876.6	Dollar intervention
FT-SE Mid 250 Index	3534.5	+33.0	4152.8	3383.4	Utilities firmer
Bellway	208	+16	304	179	Profits up 67%
Boots	513	-16	601	497	Disappointment over figures
Burmah Castrol	870	+26	919	811	Analysts to far east operations
Cater Allen	512	+43	630.4	449	Figures expected shortly
Cowie Group	239	+25	348	201	Bid rumours
East Midlands Elec	704	+37	787	637	National Grid special div expected
Laird Group	870	+28	444	346	Improving orders
Lux Service	361	+26	573	332	Takeover speculation
Marley	142	+13	213.6	129	US "buy" recommendation
Royal Insurance	308	+19	350	232.6	BZW "buy" recommendation/figs Thurs
Sage Group	678	+73	678	507	Bumper sales, profits & dividends
Severn Trent	579	+20	645	457	Broker "buy" notes
Vickers	180	+13	204	163	Foreign partner talks

AT A GLANCE

Finance and the Family Index

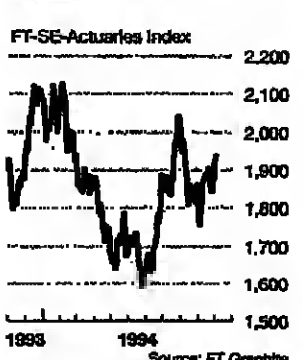
- Insurance bonds III
- The week ahead, Directors' transactions IV
- Rolling settlement T+5, New issues V
- Options trading, Forestry scheme VI
- Advance tickets VII
- Self-administered pensions, Annuities VIII
- Friendly societies, Relocation, Diary of a private investor IX
- Q&A Briefcase, New trusts, Best rates X

House prices



Source: Halifax

Water



Source: FT Graphite

Houses prices flat

House prices were unchanged in October, the Halifax Building Society price index shows. After a rise of just 0.1 per cent in September, the figures confirm that the underlying trend in prices remains broadly flat.

Halifax said that it expected this trend to continue until consumer confidence improved. Prices paid by first time buyers fell by 0.8 per cent in October, and are now 1.2 per cent lower than October last year. The price of new houses rose by 1.2 per cent last month after a fall of 4.6 per cent in September.

Conversely, the Nationwide building society's index rose of 0.7 per cent in October, after a fall of 3 per cent in September.

Increased dividend flow

Water company shares were marked up this week after Thames Water announced a higher than expected interim dividend, up 11 per cent to 8.2p. The market had expected an 6 per cent increase.

Thames was the first of the private water companies to bring out interim results, and its increased payout made analysts optimistic about the prospects for the rest of the sector.

However, Thames chairman Sir Robert Clarke, warned investors not to expect such a generous dividend under the new pricing regime. "Life is going to be tougher," he said.

PIA suspends member

The Personal Investment Authority, the new regulator for the financial services industry, has suspended its first member firm, Baylis & Co. of Baylis Orchard, near Banbury, Oxfordshire, has been ordered to cease conducting investment business after inaccuracies were found in its application to join the PIA.

Meanwhile, the investor's Compensation Scheme has stepped in to help the clients of two financial advisers and a stockbroker firm. Former customers of Northern Blythe & Partners, of Bristol, Kedleston Stockbrokers, of Derby, and Pell Mail Asset Management, of London, are invited to contact the Investors Compensation Scheme if they think they have suffered a loss as a result of dealings with the firms. ICIS: 071-626 8620.

Tiny Rowland to retire

Tiny Rowland is to retire from the board of Lorrho after 33 years at its helm. His departure follows a bitter struggle with his fellow joint chief executive, Dieter Bock. Rowland, whose activities at Lorrho spawned the epithet "the unacceptably face of capitalism", created an international trading empire virtually from scratch.

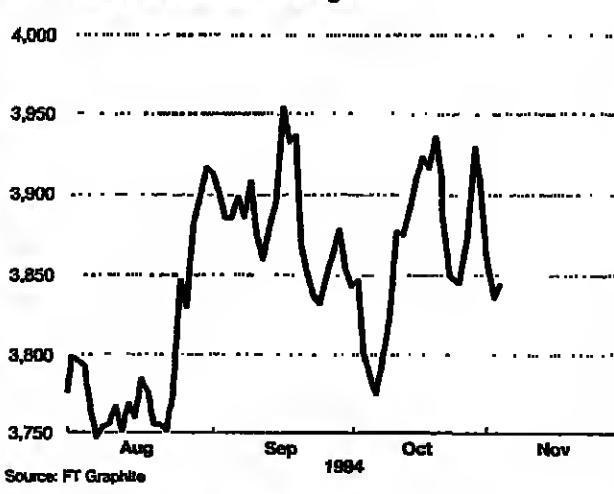
Small companies bounce back

Smaller company shares bounced back very slightly this week. The House Government Smaller Companies Index (capital gains version) climbed 0.2 per cent to 1598.30 over the week to November 3.

Wall Street

All work and no plays for the brokers

Dow Jones Industrial Average



Source: FT Graphite

car sales in October were up strongly on a year before, it is noticeable that Japanese car makers managed to increase their combined market share by more than one percentage point, to 13.3 per cent - even though the yen hit a new high against the dollar last week.

While shares in Ford and Chrysler remain firm, General Motors has slipped 15 per cent in the past three weeks, to just

points by midweek, to 3,877.13, before stabilising on Thursday and Friday.

The word from the takeover market, meanwhile, has not been encouraging for US share prices either. Throughout much of this year, frothy takeover bids (and even frothier rumours) have buoyed stock prices in a range of industries.

Two announcements last Wednesday suggest that expectations have got ahead of themselves. First came news that soft drink maker Snapple had agreed to be bought by Quaker Oats for \$1.7m. No fancy premiums here: the shares, which had traded as high as \$32.4 in February, had slumped to \$14.4. As if to rub it in, Quaker Oats offered even less - \$14.4 a share.

Then there is the saga of Kemper, the financial services company that agreed to a \$2.7bn bid from insurance group Consec. In part because higher interest rates have hit the outlook for financial services companies, Consec's bid has been looking increasingly fragile in recent weeks. Last week the company said it wanted to cut its original offer.

If that was not enough, there have been signs that the anti-trust authorities are taking a tougher line. Just over a week ago they announced an intention to block a takeover of American Tobacco by Britain's BAT Industries.

Then, on Thursday, the regulators hammered out a deal with drug maker Eli Lilly over its proposed \$4bn acquisition of PCS, a big seller of drugs. Lilly was adamant that its compromise with the regulators did not undermine the logic of its bid - but it may be no coincidence that on the same day, Valne Health, another healthcare group, said it had abandoned plans to acquire its own drug sales company. Its shares fell 5 per cent on the news, to \$37.4.

If the takeover market slows, those companies with big acquisition premiums built into their share prices could come down with a bump.

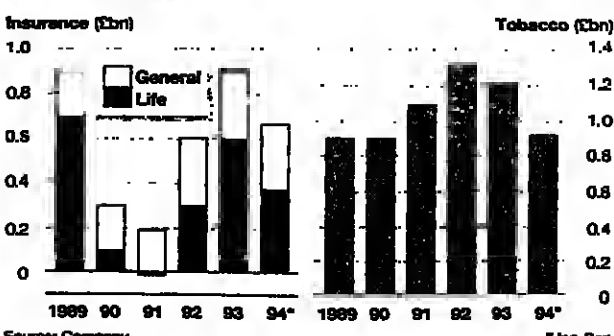
Richard Waters

Monday	3908.12	-23.54
Tuesday	3863.97	-44.75
Wednesday	3857.13	-6.84
Thursday	3845.88	-11.25
Friday		

The Bottom Line

BAT awaits their judgment

BAT's trading profits



Source: Company

be is quick of mind and court action, crusty, independent and unlikely to take bureaucrats' arguments at face value. Moreover, the FTC has lost roughly half the anti-trust cases it has taken to court in the past 17 years.

Losing American Tobacco would be a blow to BAT. It would forego the cost savings, added marketing clout and brand synergies the deal would bring. But its existing US business is performing well and abroad BAT is benefitting from a brands swap it agreed previously with American Tobacco.

BAT is the most international of cigarette companies. Global consumption fell by 0.5 per cent a year between 1988 and 1993, according to Diana Temple of Salomon Brothers. But for every market declining, another beckons as it opens up to foreign cigarettes. The most enticing is China, accounting

for one-third of the world's cigarettes. On one hand the government is trying to curb consumption but on the other it is opening the market. BAT has about half the imports which account for roughly 5 per cent of consumption. Its weakness, though, is it lacks a local venture unlike Philip Morris, RJR and Rothmans International.

Encouraged by the third quarter results, analysts raised their full-year pre-tax forecasts a notch to around £2bn against last year's £1.8bn. But thanks to rising tax and minorities, they left earnings per share unchanged at around 40p versus 38.5p. The best part is the yield of around 6 per cent with a higher payout to come at the year end.

An all clear from the judge would remove a cloud over BAT. The company's focus on the wider tobacco potential around the world. But for real value, the bulls say, BAT should spin off financial services and let tobacco free. That, however, is a judgment BAT seems reluctant to make.

Roderick Oram

مكتبة الأصيل

FINANCE AND THE FAMILY

For income, growth and tax planning, too

Debbie Harrison examines insurance bonds

Those seeking the best way to invest a lump sum to provide capital growth, a regular income or a combination of both may - in addition to a host of unit trusts - come across a confusing range of insurance bonds which claim to meet these requirements and, at the same time, offer chances for tax planning.

Insurance bonds, sold by life offices, are one-off or "single premium" investments. In most cases, they have no fixed maturity date. The range of funds is similar to unit trusts although there are special low-risk insurance bond options that appeal to the ultra-cautious investor. But the tax treatment of insurance bonds and unit trusts is different.

The element of life cover offered by insurance bonds, although nominal, allows them to qualify for standard life assurance tax treatment. This means that the fund, not the individual, pays tax that is equivalent broadly to the basic rate on both income and capital gains.

With unit trusts, the dividends distributed are deemed net of lower-rate income tax but the fund rolls up free of capital gains tax (CGT), which is paid by the investor when units are cashed in. This gives unit trusts two advantages over insurance bonds.

First, the investor can use his annual CGT allowance to offset this tax. Second, non-taxpayers can reclaim all or most of the income tax (depending on the fund) which is deducted from the dividends. The same is true for investment trusts.

Under an insurance bond, these taxes cannot be offset or reclaimed, which means that non-taxpayers generally should not invest in bonds. Taxpayers

should consider the CGT implications very carefully before opting for a bond rather than a unit or investment trust.

The main distinguishing feature of bonds is that the investor can withdraw 5 per cent of the original capital for 30 years without having to include this "income" in the tax return. This is because the Inland Revenue regards these withdrawals as a return of the original capital investment. The 5 per cent annual withdrawal can be carried over fully or partially to future years.

For lower-rate taxpayers, there is no further liability, but higher-rate taxpayers will be liable to tax when the bond is cashed in. But they can claim "top-slicing" relief on any profit they have made.

This works by averaging the profit over the number of years the bond has been in place and adding the result to the investor's income, so arriving at any higher-rate tax due.

You can make withdrawals larger than 5 per cent. These are treated as net of basic-rate income tax, so there is no further charge for basic-rate taxpayers. But those paying higher-rate tax will incur a 25 per cent liability (the difference between the basic and higher rates). This flexibility over the amount of income withdrawn is considered one of the most important features of insurance bonds.

Advisers usually recommend that the policy is written on a joint life basis so that, if the policyholder dies, the bond can continue in the spouse's name. You can also write the policy in a simple family trust so that, on death, the fund passes on in a tax-efficient way to the next generation.

Making the right choice

It is important to select the right type of insurance bond to match your requirements, both from the tax aspect (see above) and your attitude to risk.

■ **Guaranteed income bonds** These are designed for the very cautious investor who wants a regular income and to preserve capital. They are fixed-term products usually held for one to five years, with a penalty for early termination.

Charges are not disclosed but are deducted from the return, as with a building society account. Rates change often but it is possible at present to secure an annual return of 7.5 to 8.5 per cent, net of basic rate tax, for five years. Guaranteed growth bonds operate in a similar way but re-invest the income.

■ **With-profits bonds** These are designed for cautious investors who want an element of capital growth. The fund invests in equities, property, gilts and cash. While the full return of capital is not always guaranteed, the annual return (or "bonus") is, once it has been allocated.

Bonuses have fallen in recent years, but a well-managed fund should outstrip building society returns by a substantial margin. There is no fixed maturity date, but a minimum term of five years - and preferably 10 - is recommended. If market conditions are very poor, the provider retains the right to make deductions (known as the market value adjustment) when a bond is cashed in.

■ **Distribution bonds** These represent the next step up the risk ladder from with-profits bonds. Your investment buys units in the fund, which is invested in similar assets to the with-profits bond. Distribution bonds separate the income from the capital growth. Withdrawals are taken from the income, leaving the original capital intact.

■ **Managed and specialist unit-linked bonds** These are designed for the more adventurous investor. Managed funds generally

invest in a range of the providers' main funds but tend to be equity-dominated. Specialist funds invest in particular markets - say, Far East or European equities - but low-risk funds, such as cash and fixed interest, are also available. Usually, it is possible to switch between funds free of charge or for a nominal fee. These internal switches will not incur a tax charge.

■ **High-income bonds** These are similar to guaranteed income bonds but there is no guarantee that the full capital invested will be returned. Instead, this usually depends on the performance of the FT-SE 100 index. If the index does not fall over the investment period, the return of original capital may be guaranteed. At present, these bonds offer 9-10 per cent income a year net of basic-rate tax. Investors should always check the conditions under which the full capital will be returned.

■ **Guaranteed equity bonds** These are growth-orientated and not recommended for people seeking income. The bond usually provides a minimum rate of return - for example, 25-35 per cent over five years on top of the original capital. There may be additional returns, depending on the performance of the index to which the bond is linked.

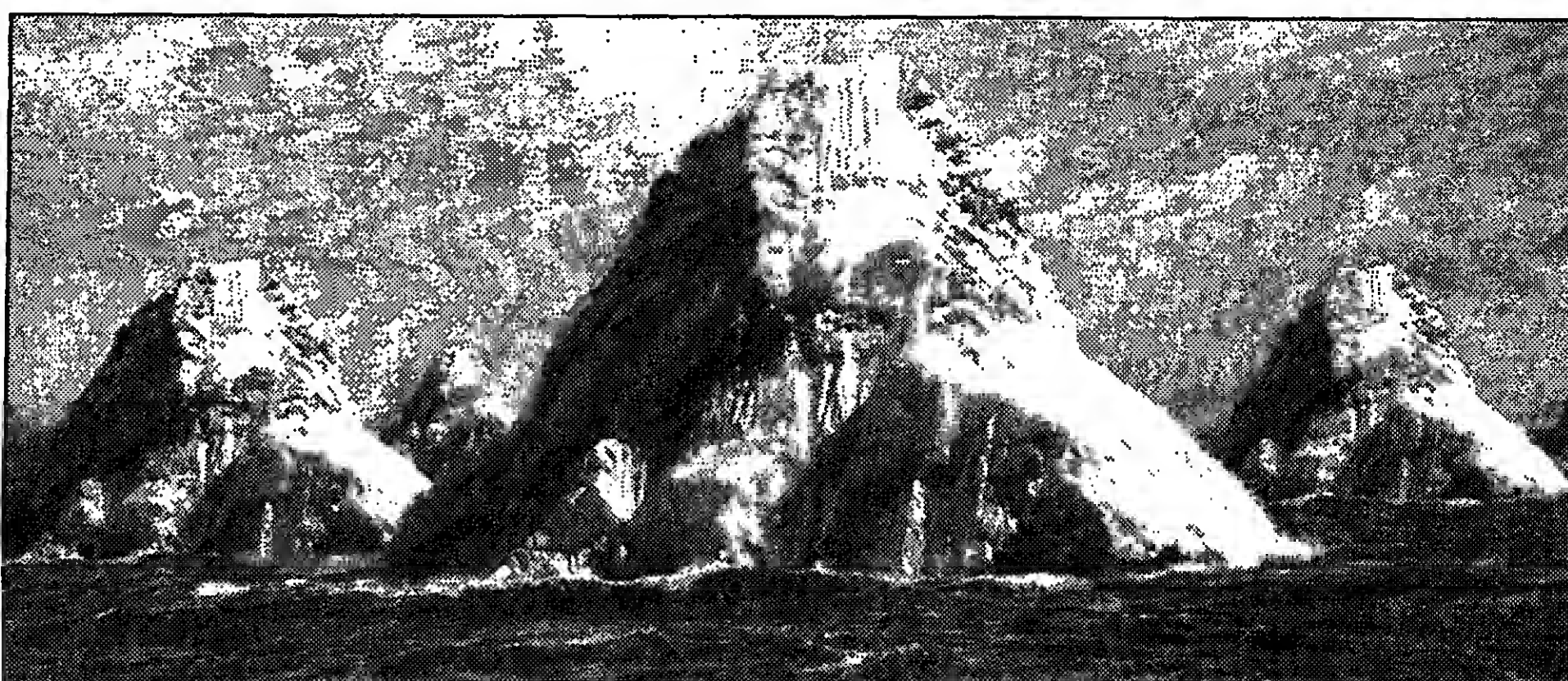
Offshore bonds can be used as long-term vehicles for tax planning, especially where you want to leave the assets to the next generation. They are gross funds: the tax and CGT liability rests with the individual.

□ *This guide was compiled with the help of Andrew Jones, a partner with the David Aaron Partnership, an independent adviser which will provide individual surveys on guaranteed income bonds, with-profits bonds and distribution bonds plus a guide to simple family trusts. Write to the partnership at Shelton House, High Street, Woburn Sands, Milton Keynes MK17 8SD (tel: 0908-281544). Price £2 for the set or £4 for individual surveys.*

Weekend Money

From next Saturday, we will be publishing a separate personal finance section every weekend alongside the Weekend FT. Weekend Money will give you two things. First, there is a brief review of the financial highlights of the previous week. Second, there is a more

detailed analysis of personal finance topics already provided by Finance and the Family. Weekend Money's team of experts will be providing incisive comments on all the latest news. And there will be substantial additions to the regular statistical material.



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OFFSHORE FUND PERFORMANCE TO 1ST NOVEMBER 1994				
PERPETUAL OFFSHORE FUNDS	LAUNCH DATE	SINCE LAUNCH % CHANGE	POSITION IN SECTOR	OVER 5 YEARS % CHANGE
International Growth	25-1-83	+482.2	3 out of 28	+67.4
Emerging Companies	8-4-85	+599.7	1 out of 41	+163.5
American Growth	21-4-84	+736.3	1 out of 27	+152.3
Far Eastern Growth	8-11-86	+424.1	2 out of 23	+122.5
Japanese Growth	30-11-91	+56.8	6 out of 95	-
European Growth	8-11-86	+123.9	8 out of 24	+30.2
UK Growth	24-10-87	+205.6	1 out of 32	+129.5
Global Bond	7-12-92	+1.1	129 out of 150	-
Asian Smaller Markets	8-3-93	+90.3	8 out of 94	-

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FT 05/11/94

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* Based on rate to 1945, amount: £25. Thereafter, highest rate available from Midland (£23,000).
* Assumed: Figure is based on total return, not income reinvested, rounded 31.12.45 - 30.9.94.

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FINANCE AND THE FAMILY

Stale result for baking giant

The week ahead

MDNDAY: Associated British Foods, the UK's biggest baker, will be hard pressed to make pre-tax profits for the year to September any higher than the £238m a year earlier. Some analysts are looking for as much as a £40m fall. Improved food and sugar profits in the UK are likely to be offset by falling profits in Australia and a further deterioration in finances.

Net interest earned might be halved from the previous year's £61m but the dividend is expected to rise 0.3p to 6.6p for the year.

MONDAY: The City forecasts pre-tax profits at BAA to rise from £237m to around £262m in the first half. The group, which operates seven UK airports, is expected to show strong growth in traffic but analysts will be looking to see if Stansted, London's third airport, has moved into profit.

TUESDAY: British Airways should make pre-tax profits between £210m and £220m in the second quarter, up from £172m last year. Analysts expect the core airline business to perform very well. But the performances of the US carrier USAir, BA's French affiliate TAT and its German partner Deutsche BA, will all come under scrutiny.

TUESDAY: Investment bank S.G. Warburg will announce earnings for the six months ended September 30 and securities analysts are offering no prizes for guessing the results. Last month, Warburg put out a profits warning in which it said that it expected to report earnings of £55m to £65m for the period, down sharply from the £148.8m in the same period in 1993.

TUESDAY: Marks and Spencer, the UK's most profitable retailer, is expected to announce another strong set of results, with interim pre-tax

profits of about £110m (£100.5m) when it reports, and an 8.5 per cent increase in the pay-out to 7.9p. Treatment of infrastructure charges could affect the headline numbers.

WEDNESDAY: Commercial Union is forecast to show pre-tax profits of about £285m compared with £144m last time. The results will be the first since the acquisition of French insurer Groupe Victoire, though its impact is expected to be marginal at this stage.

WEDNESDAY: Half-year results from Amersham International, which makes diagnostic pharmaceuticals, should present a clearer picture of the company's fortunes than did last year's, which were distorted by acquisition.

A good performance from its product, Metastrom, should help the company record a pre-tax profit of at least £20m, compared with £17.4m last time, and allow a 14 per cent rise

Cable and Wireless

Share price relative to the FT-SE All-Share Index

130

120

110

100

90

1993

1994

Source: FT Graphite

profits rising from £307.8m to around £355m. But the figures could be distorted slightly by last year's 53-week period and an early Easter holiday. Analysts are concerned about trading levels and start-up costs on the continent.

TUESDAY: Anglian Water is forecast to show interim pre-

tax profits of about £110m (£100.5m) when it reports, and an 8.5 per cent increase in the pay-out to 7.9p. Treatment of infrastructure charges could affect the headline numbers.

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Directors' transactions

Wickes

Share price (pence)

140

120

100

80

60

40

1991

92

93

94

Source: FT Business Enterprises

1 SOLD FOR 10.25 PENCE

M.R. Corner 55,000

2 BOUGHT FOR 11.15 PENCE

M. von Bontario 5,000

3 BOUGHT FOR 10.25 PENCE

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FINANCE AND THE FAMILY

Just five days to pay

Bethan Hutton on the latest stage of rolling settlement

Private investors have just under eight months to get used to the idea of paying for shares five days after buying them. The London Stock Exchange announced this week that T+5, the next stage of rolling settlement, would start on June 28 1995.

The first stage of rolling settlement was introduced in July when the old stock exchange account periods were axed and replaced with the new system of settling share transactions 10 days later, known as T+10.

The move to T+5 was planned originally for January but was postponed to allow market traders more time to adjust. The main pressure behind rolling settlement comes from the big institutions, which account for the bulk of dealing on the stock exchange.

"It will make life more difficult for the minority but I think it is inevitable. Wall Street is moving to T+3," says Brian Tora, of private client stockbroker Greig Middleton. Paul Killik, senior partner at Killik & Co., agrees. "The dynamics of this are institutional and international - you cannot stop it. It is no good complaining."



Rolling to settlement... now payments must be made even more quickly

The advent of T+5 will increase the pressure for changes in practices which started with T+10. "We certainly think that T+5 is going to be difficult for a lot of private clients to meet," says Tora. Selling is not such a problem, but he feels more investors will find their broker asking for payment up front before he will place an order.

Tora adds: "If you look at the pure mechanics of it, you are talking about phoning an order in and the contract note being issued which, at the very best, is going to arrive a day later, maybe even the day after that.

depending on circumstances. "Then the private client has to send the cheque, which will take another day, and that cheque is going to need three days to clear - so, effectively, the broker is going to be out of funds."

There is a growing tendency for brokers to charge interest on late payments but they are also working on other ways around this problem. Common solutions are to provide client banking facilities, so eliminating the time wasted sending cheques through the post, or to offer credit. Usually, this is done through margin trading

where brokers lead clients money to buy shares on the security of shares they own already.

Greig Middleton already has banking arrangements for its customers. "Clients have a nominated deposit account: sales can be credited to that and purchases settled from it. Obviously, it makes life a lot easier," says Tora.

The firm is still working on its plans to offer margin trading. Similarly, Killik is hoping to have client banking and margin trading facilities in place in good time for T+5.

T+5 will make nominee accounts for holding shares almost unavoidable, as the five-day system simply makes the physical sending of share certificates to and fro increasingly infeasible.

More than 90 per cent of Killik's clients now use nominees, although Killik is still unhappy about some drawbacks of the system, such as the effect on communication between companies and shareholders.

Most brokers say that the transition to T+5 was much smoother and caused fewer problems than they expected. They now hope that halving the settlement period will prove equally trouble-free.

New issues

Institutions get tougher

Pulled flotations, over-subscriptions and healthy trading premiums this week have illustrated the stark contrast in the reception accorded to different companies in the new issues market.

New Look, the women's wear chain, confirmed many a sceptic's view that the market has overheated when on Wednesday - the afternoon before the share pricing was due to be announced - it postponed its flotation plans.

The following day, however, TLG - the holding company for Thorn Lighting Group - said its flotation was three

times over-subscribed. And there was good news from Calluna: shares in the disk drive manufacturer leapt 42 per cent on Monday, its first day of trading.

Schroders, the adviser to New Look, trotted out the well-worn "adverse market conditions" excuse. But City analysts are taking a different view. They point out that after the flood of new issues this year, the market is returning to a form of equilibrium with new issues again being judged on management, prospects, track records, margins and other fundamentals.

Most of all, the fall in demand from institutional

investors has prompted a re-rating: prices are being forced down. In the case of TLG, for example, the shares originally were offered to institutions at a figure 10 per cent higher than their eventual price.

In New Look's case, retail analysts say that with institutional share buying at a seasonal low, the Budget looming and retailers gloomy over the outlook for Christmas, launching a shopping company at this time was always going to be tricky.

New Look has more than tripled operating profits and turnover in the past three years. Profits of £11m last year

were almost matched by the near-£10m posted for first six months of this year, while operating margins of 16.9 per cent are double those of its nearest rival, Etam, and well ahead of the market's retailing doyen, Next.

"With margins like those, where would any expansion come from?" asked one fund manager.

The success of TLG and Calluna shows the new issues market is still a place for healthy business. New Look's postponement demonstrates a more rigorous attitude from institutional investors.

Christopher Price

1% discount for lump sum investments before Budget Day 29 Nov 94

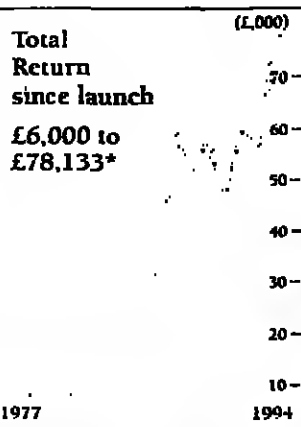
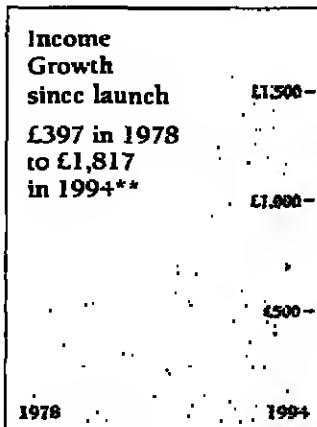
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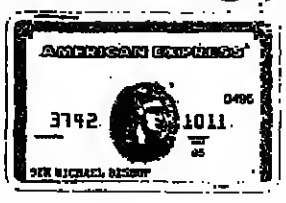


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FINANCE AND THE FAMILY

Making money with options

Heather Farmbrough investigates their good points but finds some pitfalls, too

Over the past month, stock-brokers Fidelity and Wise Speke have launched options-dealing services designed to attract private clients. Is this a sign that the market is taking off?

Well, no. It seems more likely that trading has been quiet in the derivatives market and brokers are trying to drum up business. Nevertheless, it is well worth looking at options, particularly as the market does not need to be rising for investors to make money.

Options often are marketed as a cheap and safe way into the stock market. Paying 15p for an option might seem a small outlay compared with 800p for a share in ICL. And, as Fidelity's Judith MacMichael says: "They have some of the characteristics of trading shares within the stock exchange account [no longer possible since the introduction of rolling settlement]. You don't have to put up much money to make short-term gains and losses."

Under the old stock exchange system of trading accounts, it was possible to buy and sell equities over the 30-day account period without having to part with any money apart from settling losses. Now that is no longer the case, the two best ways of playing the market in the short term are either options or margin trading.

The latter requires investors to arrange credit to pay for the majority of the purchase cost of the shares on settlement day, but this can be complicated and expensive. So, options seem likely to become the more popular, particularly when the equity market settlement period is reduced to five days next year.

With a call or put option, you buy the right to purchase or sell shares. But as you are under no obligation to take up the option, your potential losses are limited only to the premium paid to acquire the rights to the shares and your dealing costs.

If you understand the markets, the low-cost, execution-only dealing services offer good commission rates for private investors.

Options dealing costs

Broker/Service	Minimum transaction opening	Commission up to £5,000	Commission £5,000 to £10,000	Minimum closing transaction	Commission up to £5,000	Commission £5,000 to £10,000	Contract fee
Sharelink Execution	£20.00	1.5%	1.5%	£10	1%	1%	£1.50
Fidelity Execution	£25.00	1.25%	1.25%	£15	1%	1%	£2.00
Wise Speke	£20.00	1.75%	1%	£15	1.25%	0.75%	£1.40
A.E. Sharp Advisory	£20.00	1.00%	1.00%	£10	1.00%	1.00%	£1.40
Derivatives Securities Ltd	£37.50	2%	1.5%	£37.50	2%	1.5%	£2.00
Wise Speke Advisory	£20.00	2.5%	1.5%	£20	2.5%	1.5%	£1.40
Charles Stanley	£20.00	2.5%	1.5%	£20	2.5%	1.5%	£2.00
Tiney Execution+advisory	£34.00	2.5%	1.5%	£34	2.5%	1.5%	£1.60

*4.00% up to £1,000

Source: the trading firms

CONTACT LIST

Advisory and dealing only

Sharelink: 021-506 4505
Fidelity: 0207-333000
Wise Speke: 071-617 2900
A.E. Sharp: 021-200 2244
Derivatives Securities Ltd: 071-283 8835
Charles Stanley: 0202-317788
Tiney: 031-556 2555

Discretionary

Albert E. Sharp: 021-200 2244
Derivatives Securities Ltd: 071-283 8835
Robert Fleming & Co: 071-577 3242
Moses & Co: 071-578 0810
Kirk & Co: 071-224 2050
Liffe: 071-579 2488

Investor who has decided which stock he wants but who wants guidance on the best way to buy. But, you might ask: isn't an investor who knows which options he wants better off paying less for a no-frills, execution-only service?

Not so, says James Butcher at Wise Speke. "People become obsessed with commissions, but one of the problems in the options market is that you get a wide spread between bid and offer."

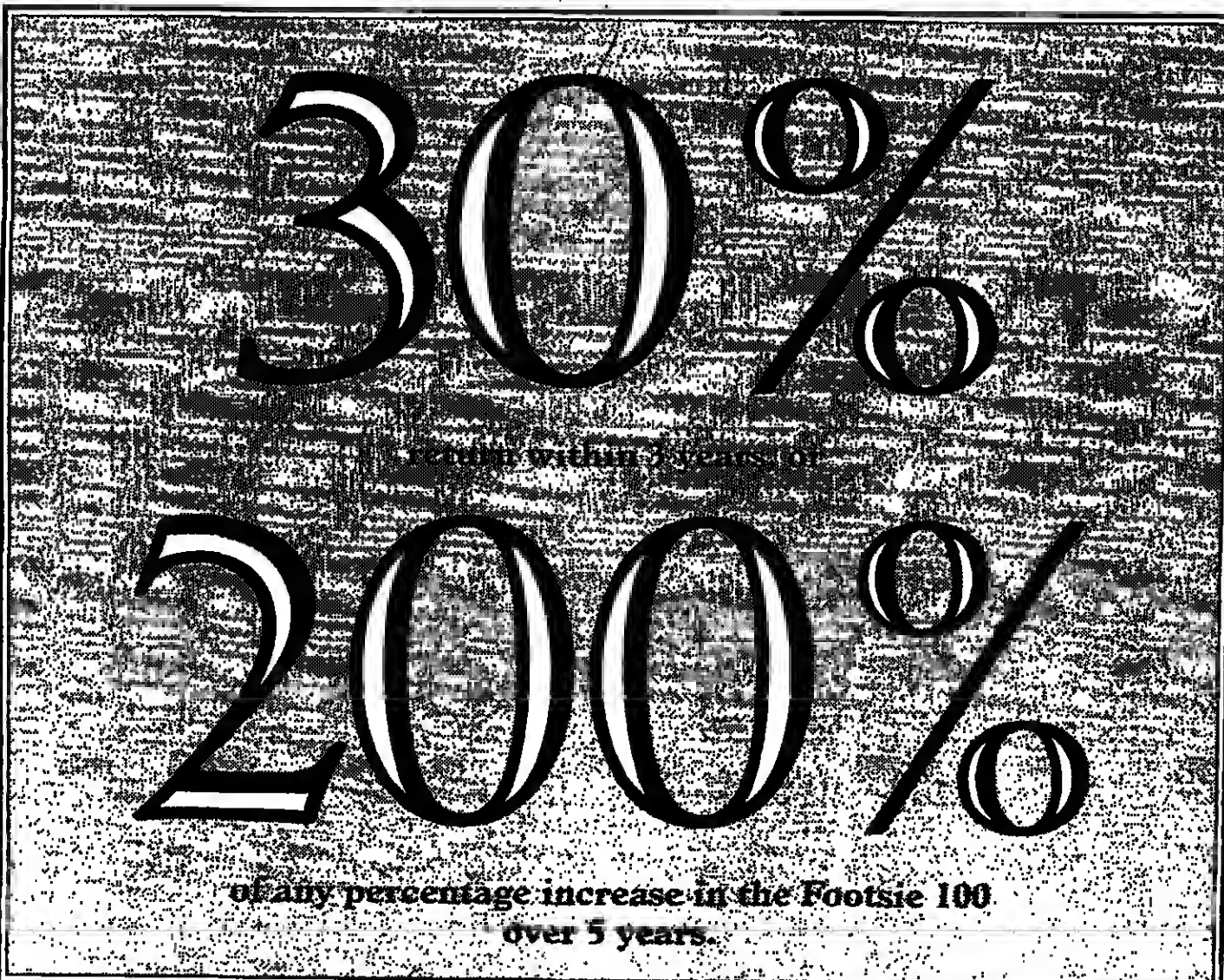
He claims that because his dealers know the supply and demand in the market for various stocks, and usually are dealing for several clients at a time, they can offer better terms than clients

may receive placing one-off transactions elsewhere. As an example, he says the spread on Hanson or British Gas February 230 calls is now 11-14 pence. By dealing in a larger size, Butcher claims he is more likely to be able to buy the options for his clients at 15p, saving 1p on each contract.

There are some brokers who will trade in options on a discretionary basis (see bottom table). But others claim that most clients prefer execution-only services. "Options investors tend to tell us what to do - not the other way round," says Peter Loxton, of stockbroker Charles Stanley. But if you are new to options, bear in mind that good advice can cost far less than the losses from a poor investment decision.

If you write an option - that is, you receive the premium for an option and agree to sell or buy the shares if required by its holder - the picture is very different. Potential losses can be open-ended.

The London Stock Exchange's derivative instrument risks' warning states, in bold type: "You should not deal in derivatives unless you understand the nature of the contracts you are entering into and the extent of your exposure to risk."



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Money for old wood... conifers appreciate in value as they age

See the wood and buy the trees

Individual investors have barely touched forestry as an investment since 1988. That was when the government terminated the tax break system which gave the industry a bad name as high-earning sportsmen and show business figures planted hill-sides full of conifers in northern Scotland.

Yet, not everyone dislikes conifers, and the plantations are being made more attractive to see and visit. Furthermore, forestry still offers generous tax concessions.

No income tax is payable on income from commercial woodlands and there is no capital gains tax on increases in the value of standing or felled timber. Investments in forestry held for two years qualify for 100 per cent business property relief from inheritance tax (IHT).

Up to now, those tax benefits have been enjoyed mainly by land-owners. Now, though, a fund has been launched which will enable individuals to make small investments - the minimum stake is £1,000 - in existing woodlands.

The Timber Lands Distribution Fund (TLDF) expects to offer a net annual distribution of 8 per cent a year over the next decade. Since that is free of income tax, it represents the equivalent of 13.3 per cent for higher-rate taxpayers.

TLDF is sponsored by Neill Clerk Capital (NCC), a company which has specialised in business expansion scheme

companies, and Savills, a surveyor and estate agent. They intend to raise up to £4.13m to buy plantations of mature and semi-mature sitka spruce trees from Tihill Economic Forestry, a management company which will run the woodlands.

The first forest to be acquired is Black Rigg at New-castle-on-Tyne, followed by another at Lochgilphead in Argyll, while the sponsors have an option on three more. Fund-holders will be allowed to explore them, and much of the

woodland will be harvested gradually over the fund's 10-year life.

The sponsors believe the value of the timber will increase because conifers are known to appreciate in value over their 40-year span, especially in the final decade.

On top of that, the sponsors say timber prices are recovering from their all-time low at the end of 1991 and point to the 12.5 per cent rise in the year to March 1994 in the index of standing conifer sales compiled by Forest Enterprise, part of the Forestry Commission.

At the end of the fund's life, all the capital will be returned. The sponsors hope the amount

will at least equal the starting capital - although there are no guarantees - and claim it is possible there will be a capital gain from selling the remaining standing timber.

TLDF is not a trust but an "unregulated collective investment" under the 1986 Financial Services Act. This means it is not subject to any regulatory body (although NCC belongs to the Securities and Futures Authority).

Unlike a unit trust, there is no established market for the fund, and the sponsors warn that investors could have difficulty selling their stakes if they want to pull out before the fund is wound up - although NCC will try to arrange sales on a matched basis. NCC also cautions that tax rates and reliefs may change and timber prices could fall.

Investors will have to bear issue costs estimated at 6.5 per cent, including a 3 per cent commission to intermediaries, as well as property acquisition costs put at 1.5 per cent; an annual 1 per cent management fee for NCC; and an annual forestry contractor's fee of £5.50 a hectare for Tihill.

The fund, which closes on December 20, should appeal to higher-rate taxpayers wishing to diversify their investments, and to people seeking to reduce their IHT liability. An interest in forestry is an advantage.

Prospectuses are available from Neill Clerk Capital: telephone 071-734 4446.

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FINANCE AND THE FAMILY

Pay now but wait until 1996

Tickets for popular events can go on sale years ahead. Jacqueline Shorey wonders why

Businesses usually have 30 to 60 days to settle bills and consumers pay cash for many goods and services. But sport and music fans are being expected to pay for tickets up to 2½ years in advance.

Tickets for the 1996 European soccer championship, to be played in England, went on general sale last week – 20 months before the first game kicks off. But season ticket-holders at English league clubs were offered priority booking last January – nearly 3½ years before Euro '96 begins.

Mike Parry, of the Football Association, says early ticket sales are "to give real fans ample opportunity to buy them. It's a huge operation, involving 1.5m tickets at eight venues. The time is needed to ensure the smooth running of the competition and to administer a direct debit system, which we're offering to fans to spread the cost."

Yet, football fans do not even know what teams they will see, since the draw will not be held until December 1995. For now, they are simply buying seats at a ground.

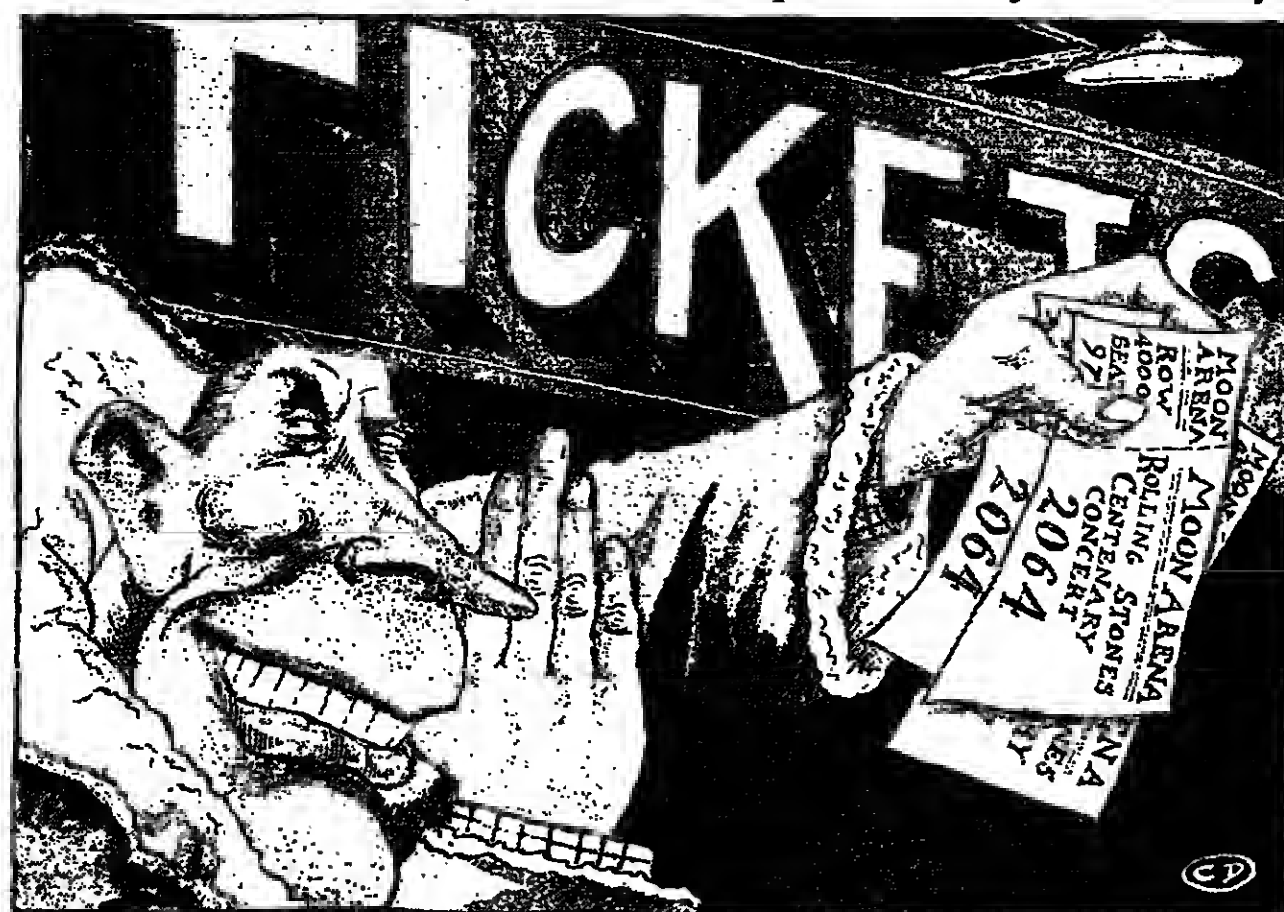
Steve Beauchamp, of the Football Supporters' Association, says: "One reason for such early ticket sales is that the FA needs to be sure that it will sell out all the matches. Some of the less attractive games may be a struggle."

The FA expects to raise about £50m if all matches sell out. What happens to that cash, and the interest it generates? Answer: the money goes into a trust fund account and, after expenses, the profit is split between UEFA, soccer's European governing body, and the FA.

Musical promoters also are keen to get their hands on your money early. A US rock group, REM, will play big British stadiums next July – but tickets, costing £23, went on sale on October 22, nine months in advance. How does Paul Flower, marketing manager of promoter MCP, justify that?

"REM is one of the world's biggest bands. They haven't played in Britain for five years, and have had three No. 1 albums. We want to make sure that everyone who wants to see them can." Flower declined to say where the money went, and to whom, but said advertising and venues had to be paid for and groups needed cash to hire equipment and finance often-elaborate shows.

Nick Blackburn, sales and marketing director of Ticketmaster, a leading ticket agency, says: "I sympathise with promoters, who take big risks and who are being squeezed on deals. But customers need protection. We sold £4m-worth of tickets for a UK tour by the Bolshoi Ballet this summer but the promoter, Derek Block, went under before the concerts took place. We had passed the money on



to Derek Block, so we had no money for refunds."

If a promoter fails, the prospects are bleak. Susan Hayward of the Consumers' Association (CA), says: "The ticket-holder has a contract with the promoter, not the agent. Under the Consumer Credit Act, if the tickets cost more than £100 each, are paid for by credit card and payment is to the promoter direct, the credit card company must pay compensation if the promoter fails. But most payments are made via an agent."

Ticketmaster decided to refund Bolshoi clients from its own pocket. Blackburn says: "It's hard to see what lesson can be learnt from this experience. Promoters and agents continue to press for ticket money. 'I'd like to see an escrow fund – from which ticket money is not released to the promoter until the show – which would protect the public.' The CA would like to see a bond scheme, similar to that in the travel industry."

Harvey Goldsmith, a rock music promoter who has put on shows by Pink Floyd and Elton John, is chairman of the Concert Promoters' Association. "We are encouraging ticket agents to come up with a code of practice, being drawn up with the help of the Office of Fair Trading," he says.

Why did tickets go on sale so early? "Because people buy tickets with 'today's money'. If we wait and put tickets on sale all at once for 10 different shows next summer, people won't have the money to buy all they want. We try to stagger ticket availability and give people time to buy – or they go mad at us."

What price exciting investment opportunities?



If you are interested in high returns, you will probably already have considered emerging markets. After all, stockmarket rises like these are difficult to ignore.

But you also know that these are volatile markets and you may well be cautious about risking too much capital all at once. There is, however, a safer way to aim for the high returns you are looking for from an emerging markets investment.

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FINANCE AND THE FAMILY

Daughter's sorry tale

My daughter foolishly let a business associate (now under police investigation for fraud and deception) know the number and PIN of her Barclaycard. Large sums then were debited to her account by him. Her initial credit limit was £3,000 but now she is being chased by Barclaycard for £25,000. Can she refuse to pay beyond the agreed limit?

■ When applying for a Barclaycard, one contracts specifically not to reveal its details to anyone else. Undoubtedly, Barclaycard will rely on the contributory negligence of your daughter to pursue her for the debt.

This sorry tale obviously is very complicated. We suggest you contact a solicitor to explore your daughter's situation in detail. The Consumers Association (at 2 Marylebone Road, London NW1 4DF, tel: 071-486 5544) might be able to steer you in the direction of an appropriate lawyer. (Murray Johnstone Personal Asset Management).

Turning to time-share

Eight years ago, I bought a freehold house in France. I now wish to convert it into a time-share, with six individuals each taking one-sixth of the property for £10,000 each. Should the legalities be arranged in Britain or France? And what exactly are the tax implications?

■ France. After all, it was in that country's alpine resorts that time-share began in the 1960s, so a French property lawyer should be able to guide you.

We assume you are a UK resident; thus, capital gains liabilities may arise in the transfer to the time-share company. The Inland Revenue publications department at Somerset House, London WC2 (tel: 071-438 6420) will be able to supply you with an appropriate booklet. (Murray Johnstone).

Tax demand is negligent

My daughter has been renting her furnished house in the UK while she is living in Australia. She did not work either in the UK or Australia during the tax year April 1993 to April 1994 and did not leave Australia during that year.

The rent from the UK house is her only income for that year, but the Inland Revenue has refused to allow her the UK single personal tax allowances for this year.

■ As a non-resident Commonwealth citizen, she is entitled to a full personal allowance by virtue of section 278(2)(a) of the Income and Corporation Taxes Act 1988.

Write to the District Inspector, marking both your letter and the envelope "For the attention of the District Inspector": you will probably find the inspector's name printed on

Q&A

BRIEF CASE

No legal responsibility can be accepted by the Financial Times for the accuracy of the information in these columns. All inquiries will be answered by post as soon as possible.

this tax office's letterhead. He will be grateful to you for drawing his attention to this example of maladministration. He will also ensure that:

1. Appropriate adjustments are made to the case VI assessments for 1993-94 and 1994-95.

2. Compensation is paid to your daughter for the consequences of the officer's negligent tax demand for 1993-94.

3. All other assessments and repayment claims dealt with by the officer in question are checked by a competent colleague, since it is unlikely that your daughter is the only person who has been over-charged unlawfully.

Advice to parents

I have been helping my parents invest their offshore savings in such areas as equities, bonds and currencies although I have not been handling the funds or receiving any direct compensation for

advice. Am I subject to regulation over this? And what if I started managing offshore funds for other members of my family but did get compensation for my efforts?

■ Because you are not remunerated in any way and are simply advising members of your family, we do not believe that regulatory requirements apply to your situation. But it is essential that you do not offer financial advice to members of the public, whether for reward or not. (Murray Johnstone).

Mother won't open account

My elderly mother has never had a bank account and insists she does not want one, so I have cashed cheques for her through my own bank account. But with the increase in "account payee only" cheques, this is becoming increasingly difficult.

I have heard there are agencies which cash cheques for individuals for a small percentage fee. Would this be an option?

■ This recent legislation reforming cheque law is aimed at narrowing the possibility of cheque fraud. Thus, "account payee only" cheques are compulsory and your mother will have no alternative but to open an account. But this is not intimidating and any one of the clearers should be able to help. (Murray Johnstone).

NEW INVESTMENT TRUST LAUNCHES

			— Targets —				— Outside FEP —		— Inside FEP —					
Manager (Telephone)	Broker	Sector	Warrants	Size £m	Yield %	FEP Quat?	Savings Scheme	Issue Price P	Minimum Inv. £	Annual Change %	Annual Change %	Offer Period		
■ Fidelity Special Values														
Fidelity (0800 414181)	S.G. Warburg	UK Growth	1.5	30+	n/a	Yes	Yes	100p	95.5p	£1,000	0.95	n/a	n/a	19/10/94-30/11/94
New twin for Fidelity's Special Situations unit trust, run by Anthony Bolton														
■ Fleming Natural Resources														
Fleming (071 382 8888)	Cazenove	Commodity & Energy	1.5	25+	n/a	No	Yes	100p	96p	£2,000	0.9	n/a	n/a	1/11/94-23/11/94
Trust will invest in commodity and energy companies worldwide. Short life of 2½-5 years.														
■ Foreign & Colonial Emerging Markets														
Foreign & Colonial (071 628 8000)	Credit Lyonnais Laing	Emerging Mkts	1.5	100	n/a	No	Yes	100p	95.5p	£2,000	1.5%	n/a	n/a	28/10/94-14/11/94
C-share issue from established emerging markets trust, ranked second in its sector over three years														
■ Murray Emerging Economies														
Murray Johnstone (0345 222 222)	De Zee & Bevan	Emerging Mkts	1.5	200+	n/a	No	Yes	100p	95.5p	£1,000	1.25%	n/a	n/a	9/11/94-29/11/94
Investing in real emerging markets - India, China, Brazil, Hungary etc - not "gateways" like Hong Kong or Vienna														

NEW UNIT TRUST LAUNCHES

Manager (Telephone)	Sector	Target Yield %	Full PEP Yield %	Savings Plan Yield %	Charges outside Annual %	Charges inside PEP - Annual %	Minimum Investment £	Charges inside PEP - Annual %	Minimum Investment £	Special offer
■ Perpetual Latin America Growth Fund										
Perpetual (0491 417221)	International Growth	0	No	Yes	5.25	1.5	No	£1,000	n/a	5/11/94-18/11/94
Launched to fill a hole in Perpetual's product range; this will join four other Perpetual funds in the sector, which have predominantly top quartile performance										
*2 per cent profit bonus during launch period										

Borrow at your peril...

The wrong current account can be expensive, says a report in the latest *Which?* magazine of the Consumers' Association (CA). A £300 overdraft over three months would cost £61 with the Clydesdale Bank - but less than £7 with the Alliance & Leicester or Woolwich building societies. Overdraft charges on bank accounts often are expressed as fixed fees rather than percentages. If you overdraw by just a small amount, though, a fixed fee of £50 or so can translate into an astronomical annual percentage rate (APR).

Which? suggests switching to one of the current accounts that charge no fees when you overdraw by agreement: Abbey National, Alliance & Leicester, First Direct (up to £250), Halifax, Nationwide and Woolwich. Credit cards are a cheaper way to borrow larger amounts or for more than a few days - but make sure you have the right one. Those issued by the high street banks are not usually the best value, with interest rates typically between 21 and 24 per cent.

Save & Prosper is increasing the interest rate on its Visa and Mastercard from 0.95 per cent a month (APR 13.9) to 1 per cent (APR 14.6) from December 1, but they are still some of the better-value cards around.

Other credit cards with APRs under 30 per cent include Bank of Cyprus, Coutts, the GM Card, Leeds Permanent, MBNA, N&P, and Royal Bank of Scotland.

If you do not borrow regularly, avoid cards with annual fees as well as the Royal Bank of Scotland, which charges interest from the date of purchase even if you clear the balance in full. Fee-free cards like the GM Card, MBNA and N&P are best for occasional borrowers.

Bethan Hutton

HIGHEST RATES FOR YOUR MONEY

Account	Telephone	Notice/term	Minimum deposit	Rate %	Int. paid
INSTANT ACCESS A/c's					
Confederation Bank	Liquidity 0438 744500	Instant	£100	6.25%	Yy
Manchester BS	Postcard 061 636 5545	Instant	£100	6.00%	Yy
Slipstream BS	Money-by-Mail 0756 700511	Instant	£200	6.10%	Yy
Northern Rock BS	Go Direct 0500 505000	Instant	£200	6.65%	Yy
NOTICE A/c's and BONDS					
Northern Rock BS	Postal 60 0500 505000	60 Day F	£10,000	6.75%	Yy
National Counties BS	90 Day 0372 742211	90 Day	£20,000	7.25%	Yy
Halifax BS	Special Reserve 0422 333333	1 Yr	£10,000	7.50%	OM
Clydesdale BS	Two Year Fixed 0800 272505	31.11.96	£5,000	8.35%F	Yy
MONTHLY INTEREST					
Britannia BS	Capital Trust 0538 381741	Postal 30 Day	£2,000	6.70%	My
Confederation Bank	Monthly Income 0438 744500	30 Day	£2,000	6.25%	My
Northern Rock BS	Postal 60 0500 505000	60 Day	£10,000	6.55%	My
Clydesdale BS	Four Year Fixed 0800 272505	31.12.96	£10,000	8.65%F	My
TESSAs (Tax Free)					
Confederation Bank	0438 744500	5 Year	£2,000	9.00%F	Yy
Market Harborough BS	0585-463244	5 Year	£9,000	8.25%	Yy
Hinkley & Rugby BS	0455 251234	5 Year	£3,000A	7.50%	Yy
Holmesdale BS	0737 245716	5 Year	£1	7.40%	Yy
HIGH INTEREST CHEQUE A/c's (Gross)					
Woolwich BS	Current 0800 400800	Instant	£500	3.70%	Yy
Halifax BS	Asset Reserve 0422 333333	Instant	£5,000	4.65%	Yy
Clydesdale BS	Classic Postal 0800 717515	Instant	£25,000	6.00%	Yy
OFFSHORE ACCOUNTS (Gross)					
Woolwich Guernsey Ltd	International 0481 715735	Instant	£500	5.75%	Yy
Confederation Bank Jersey	Flexible Inv 0634 608060	60 Day	£10,000	6.30%	Yy
Dorchester BS Ltd	Ninety Day 0624 683432	90 Day	£10,000	6.55%	Yy
Portman CI Ltd	Fixed Rate Bond 0481 322747	3 Yr	£10,000	8.25%F	Yy
GUARANTEED INCOME BONDS (Net)					
AG Life	081 680 7172	1 Year	£15,000	5.70%F	Yy
AG Life	081 680 7172	2 Year	£15,000	6.45%F	Yy
Savo & Prosper Group	0800 282101	3 Year	£5,000	7.00%F	Yy
General Portfolio	0275 463838	4 Year	£10,000	6.80%F	Yy
EuroLife	071 454 0105	5 Year	£10,000	8.00%F	Yy
NATIONAL SAVINGS A/c's & BONDS (Gross)					
Investment A/C	1 Month	£20	5.25%F	Yy	
Income Bonds	5 Year	£100	6.50%F	Yy	
Capital Bonds 1	5 Year	£100	7.75%F	OM	
First Option Bond	12 Month	£100	6.40%F	Yy	
Pensioners GIB 2	5 Year	£500	7.50%F	Yy	
NAT SAVINGS CERTIFICATES (Tax Free)					
4th Issue	5 Year	£100	5.85%F	OM	
8th Index Linked	5 Year	£100	3.00%F	OM	
Childrens Bond G	5 Year	£25	7.85%F	OM	

This table covers major banks and Building Societies only. All rates (except those under heading Guaranteed Income Bonds) are shown Gross. F = Fixed Rate (All other rates are variable). OM = Interest paid on maturity. Net Rate. P = unit on £25,000 and above. In 6.80 per cent on £20,000 and above. Source: MONEYFACTS, The Monthly Guide to Investment and Mortgage Rates, Laundry Lane, North Walsham, Norfolk, NR25 0BD. Readers can obtain an introductory copy by phoning 0892 500665. Figures compiled on: 3 November 1994

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مكازم الأعمال

MINDING YOUR OWN BUSINESS

This is the night that sales explode

Clive Fewins visits a company which is enjoying its annual seasonal boom – it sells firework displays

Chris Hutchison was born at 8pm on November 4, 1955. "If I had been born four hours later my parents tell me they would have called me Guy," he said. "I have a feeling that would have totally altered my destiny. I do not think I could be taken seriously if I was called Guy."

Hutchison is managing director of The Firework Company, a 10-man operation based in an 800 sq ft mill outbuilding in the village of Uffculme, Devon. He says: "In a game in which there are about 18 players we rank ourselves in the top half dozen serious suppliers."

You will not see fireworks made by Hutchison's company on sale in the high street. In fact, in common with the majority of its competitors, it does not manufacture.

"More than 80 per cent of our fireworks come from China – only about 10 per cent are UK-made – and they are nearly all designed for large displays," Hutchison said. "Our business is selling display packs to groups to fire themselves, and creating what we call operator-fired displays that we mount for customers."

Hutchison was a deputy store manager with Marks and Spencer, but left at 25 because he feared he was becoming institutionalised. The desire to run his own business found him first in control of a car valeting business in north London, with his wife, Peggy.

"It was a successful business but after six years I woke up one morning and decided I was not having any fun," he said. Peggy agreed. She was even more amenable when they decided they were going to return to their Devonian roots. The fireworks came later.

"Basically I felt that fireworks companies were putting explosives in the hands of the public but not taking their responsibilities seriously," Hutchison said. "When I rang round the

companies I was appalled at the lack of service and attention they provided.

"Perhaps it was my M&S training in customer care, but I felt I could do better."

"I also felt there was potential in expanding the market throughout the year. Nearly three quarters of all the goods we sell go up in smoke in the few days around November 5. That leaves plenty of scope for the rest of the year."

Hutchison set up The Firework Company with £1,000 in 1988. In just over six years he has raised turnover from £70,000 to £550,000. The company mounts operator-fired displays costing from £1,000 to £20,000 – they are doing 18 tonight – for customers ranging from local councils to charitable organisations and large corporate bodies.

For what he calls "DIY" displays – for organisations with more modest budgets who fire the display themselves – Hutchison supplies packs costing from £50 to £1,400.

This autumn the company was runner-up in an international firework display competition in Macau. "Nobody likes not winning but in our business it was like coming second in the Eurovision Song Contest when you are a song writer," he said.

"Although we are at full stretch and have to hire temporary staff to assist us, nights like tonight give me a great buzz. I wish I could visit all our displays," Hutchison said. As a child he was no more interested in fireworks than any other lad. But how he is a committed enthusiast with a "passion for fireworks".

"Our products bring pleasure to about half a million people a year," he said. "Big displays of the type we are capable of mounting really get the adrenalin going. There is something basic in all of us that responds to fire. Professionally my preference is to join the spectators. That way I can pick up the



Going like a rocket Chris Hutchison with some of The Firework Company's stock. His aim is to increase sales throughout the year

vibes. I am a great believer in selling the feeling, and I can only do that if I can really absorb the experience as one of the crowd.

"Peggy and I started with £1,000 and we have grown The Firework Co out of our customers' money," he said. "Our initial trading pattern was to find the customer, take the money with the order and then buy the fireworks. This way we have spun a pyrotechnic web out of very little."

Now the company is bigger

he increasingly finds himself having to buy fireworks from China and several European countries well in advance of the orders for the explosively busy month of November.

"This has led to what he calls 'a certain retraining' of his bank manager."

"Life has not been all roses with the NatWest, partly because the company owns no premises and quite a bit of our borrowing is unsecured," he said. "We run on a £50,000 overdraft facility and have a

£10,000 long-term loan."

Stock peaks at around £300,000 retail value in October, when the 15 tonnes of fireworks a year the company imports begin to move out from their warehouse. "In January the figure is nearer £10,000," Hutchison said. "During the period in between we have huge cash flow pressures, despite our policy of always demanding payment before we despatch goods."

"If we could hit the French Bastille Day peak on July 14 it would help our cash flow enormously," he said. "So far we have been on a get-rich-slow path, but exports will unlock the door," Hutchison said. "Last year we made a £10,000 loss on a £500,000 turnover. This year we are hoping to return to profit."

In spring 1993 Hutchison sold a total of 17 per cent of the company to five acquaintances to raise cash for the company. "What we could do with now is an inward investment from a business angel or loan guaran-

tee scheme.

"It would help us to buy in a more efficient way – which often means earlier – and also to buy better. It would also help dilute my summer shackles..."

■ The Firework Co, Shine House, High Street, Uffculme, Devon EX15 3AB. 0884-840504.

■ The Magellan file management package reviewed last week is available for £25 plus VAT from Morgan Computers, tel: 071-255 2115 or 021-456 5565

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FOR SALE

INVITATION FOR THE HIGHEST BID FOR THE PURCHASE OF THE GROUPS OF ASSETS OF "METALLURGICAL HALYPS SA, OF ATHENS, GREECE"

ETHINKI KEPHALEOU S.A., Administration of Assets and Liabilities, of 1 Skoufion Str., Athens, Greece, in its capacity as Liquidator of METALLURGICAL HALYPS S.A., a company with its registered office in Athens, Greece, (the Company), presently under special liquidation according to the provisions of Article 46a of Law 1892/1990, (as supplemented by article 14 of Law 2400/1991),

announces a call for tenders for the purchase of any or all of the groups of assets mentioned below, each one of which is being sold as a single entity.

BRIEF DESCRIPTION

The Company was established in 1972 and was in operation until 1991, when it was declared bankrupt. Its activities included the production of concrete reinforcing steel in rolls and bars. On 10.8.94, the Company was placed under special liquidation according to the provisions of Article 46a of Law 1892/1990, as supplemented by article 14 of Law 2400/1991 and article 53 of Law 2224/94.

GROUPS OF ASSETS OFFERED FOR SALE

- STEEL PRODUCING INDUSTRIAL COMPLEX AT "TSINGELI" IN THE COMMUNITY OF ALAMYROS, VOLOS (1st Auction) This is a steel foundry rolling mill, occupying an area of approx. 575,215 m², comprising the following buildings:
 - a. Rolling Mill approx. 26,670m²
 - b. Steel Foundry, approx. 7,600 m²
 - c. Several auxiliary buildings (offices, storage areas, water processing unit, workshop, weighing areas, underground tanks, auxiliary areas, etc.) The plants machinery and mechanical equipment, the company's trade name and any stock to trade or claims as there may exist are also being offered for sale. It should be noted that plant facilities were created to deal with the plant's needs, through the acquisition of special permits granted by the public authorities. The future owner of the plant will have to apply to the relevant public authorities for the renewal of the said permits, allowing the further use of these facilities (which constitute public property).
- OTHER ASSETS (2nd Auction) These include the following:
 - a. A 47.425% share of a plot of land covering 7,969.46 m² and a 50% share of three (3) storage buildings, of 1,500 m², 1,965 m², and 100m² respectively, standing on it, located to the Local Authority of N. Menteon, Thessaloniki.
 - b. A 47.425% share of a plot of land covering 2,552 m² and of the storage building standing on it, the surface of which amounts to 1,500 m² also located to the Local Authority of N. Menteon, Thessaloniki.
 - c. Agricultural plot of land amounting to 12,875 m² at Simandra, in the Local Authority of N. Menteon, Thessaloniki.
 - d. Agricultural plot of land amounting to 4,312 m² in the same area as plot (e).

OFFERING MEMORANDUM - FURTHER INFORMATION:

Interested parties may obtain the Offering Memorandum in respect of the Company and its assets thereof upon signing a Confidentiality Agreement.

TERMS AND CONDITIONS OF THE AUCTIONS

- The Auctions shall take place in accordance with the provisions of article 46a of Law 1892/1990, the terms and conditions set forth herein and the "Terms and conditions of Sale" contained in the Offering Memorandum. Such provisions and other terms and conditions shall apply irrespective of whether they are mentioned herein or not. Submission of binding offers shall mean acceptance of such provisions and other terms and conditions.
- Bidding (offer) Interested parties are hereby invited to submit binding offers not later than Monday, 5th of December 1994 at 12.00 hours to the Athens Notary Public Mr. Ioannis Dracopoulos, address 19, Voukourestiou Str., Athens 105 71, tel: +30 1 361 57 32, fax: +30 1 362 11 11. In order to bid for both of the above groups of assets one should submit two separate offers. Offers should expressly state the offered price and the detailed terms of payment (in cash or instalments, mentioning the number of instalments, the dates thereof and the proposed annual rate of interest if any). In the event of not specifying (a) the way of payment, (b) whether the instalments bear interest and (c) the interest rate, then it shall be deemed that (a) the offered price is payable immediately in cash, (b) the instalments shall bear no interest and (c) the interest rate shall be the legal rate in force. Bidding offers submitted later than the above date shall neither be accepted nor be considered. The offers shall be binding until the adjudication. Submission of offers in favour of third parties to be appointed at a later stage shall be accepted under the condition that express mention is made in this respect upon submission and that the offeror shall give a personal guarantee in favour of such third party.
- Letters of Guarantee. Bidding offers must be accompanied by a Letter of Guarantee, issued in accordance with the draft Letter of Guarantee contained in the relevant Offering Memorandum, by a bank legally operating in Greece, to remain valid until the adjudication. The amounts of the Letters of Guarantee must be as follows: (a) for the Steel Producing Industrial Complex at Tsingeli (1st Auction): DR. FOUR HUNDRED MILLION (400,000,000), and (b) for the Other Assets (2nd Auction) DR. THIRTY MILLION (30,000,000). Letters of Guarantee shall be returned after the adjudication. In the event of non-compliance with the provisions and other terms and conditions referred to in paragraph 1) hereof, the Letters of Guarantee shall be forfeited as a penalty.
- Submissions. Binding offers, together with the Letters of Guarantee shall be submitted in sealed envelopes. Submissions shall be made in person or through a duly authorised agent.
- Envelopes containing the binding offers shall be unsealed successively as mentioned above, i.e. 1st Auction, 2nd Auction) by the above mentioned Notary Public in his office, on Monday, 5th December 1994, at 14.00 hours. Any party having duly submitted a binding offer shall be entitled to attend and sign the deed attesting the unsealing of the binding offers.
- As the highest bidder shall be considered the participant, whose offer will be judged, by creditors, representing over 51% of the total claims against the Company ("the Creditors"), in their discretion, upon suggestion of the Liquidator, to be in the best interests of all of the creditors of the Company. For the purposes of evaluating an offer to be paid by instalments, the present value thereof shall be taken into account, which shall be calculated on the basis of an annual discount interest rate of 22% compounded yearly.
- The Liquidator shall give a written notice to the highest bidder to appear on the date and place mentioned therein and execute the contract of the sale in accordance with the terms contained in his binding offer and/or any other improved terms, which may be suggested by the Creditors and agreed upon. Adjudication shall be deemed to take effect upon the execution of the contract of sale.
- All costs and expenses of any nature in respect of the participation and the transfer of assets offered hereby for sale shall be exclusively borne by the participants and the purchaser respectively.
- The Liquidator and the Creditors shall have no liability nor obligation whatsoever towards the participants in relation to the evaluation of the offers or the appointment of the highest bidder or any decision to reject or cancel the Auctions or any decision whatsoever in connection with the proceedings of the Auctions. The Liquidator and the Creditors shall have no liability for any legal or actual defects of the assets. Submission of binding offers shall not create any right for the adjudication nor the participants shall acquire any right, power or claim from this invitation and/or their participation in the Auctions against the Liquidator and/or the Creditors for any reason whatsoever.
- This invitation has been drafted in Greek and translated into English. In any event the Greek version shall prevail.

ANNOUNCEMENT BY A THIRD PARTY

The Privileged Company of General Warehouse S.A. (P.C.G.W.) has asked the Liquidator through an extrajudicial statement to include in the present invitation the following declaration:

"The immovable property in the auctioned had been recognised in its entirety (all housed and open spaces) since the year 1979 to be in the Annex of P.C.G.W. assimilated to a Central Warehouse by art. 15D 3177/54 and it is therefore subject to the exclusive 'key-in-hand' administration of P.C.G.W., which has the unrestricted right, free of participation, for the needs of the administration of all the merchandise delivered and warehoused by the Metallurgical Halyps SA into this Private Annex, whether secured or not, and the functioning of this Private Annex will be continued until the end of the administration of such merchandise, which nowadays consist on the one hand of the existing inventory of 'Koutouki' scrap (subject to their entirety as they are and hold to the Administration of P.C.G.W., through the express judicial consent of the representatives of Metallurgical Halyps S.A. and of the other hand, of the quantity of billets sold, which still remains in the furnace of the factory, not having been delivered due to inability to extract it from there due to a lack of electricity".

Ethinki Kephaleou will be handing to prospective buyers a copy of the above mentioned extrajudicial statement of P.C.G.W. and will be furnishing information concerning the course of the matter.

In order to obtain the Offering Memorandum and any further information please apply to the Liquidator "Ethinki Kephaleou SA, Administration of Assets and Liabilities", 1, Skoufion Str., Athens 10561, Greece, Tel: +30 1 323 14 84-7 Fax: +30 1 321 97 05 (attention Mrs. Maria Frangaki).

TRAVEL

Wednesday, en route
The cafeteria food is awful, the traffic outside on the motorway north of London is bumper to bumper, and my history of the Highland Clearances lacks something of the zingy style required of holiday reading.

A quick sample? "...the entire population were then compressed into a space of 3,000 acres of the most barren land in the parish, and the remaining 130,000 acres were divided among six sheep farmers..."

Normally, historical disputes of this sort have me rooting for the underdog. In this case, I feel won over wholeheartedly to the cause of absentee landlordism and sheep.

Londoners should be so lucky as to have 3,000 acres of barren highland at their disposal - if my Scottish historian is looking for real compression, let him try the London Underground on a close summer's day. I am depressed by paved-over countryside and cities that sprawl, one into another, far over the horizon. The idea that, somewhere on this island, is an area as wild and empty as any in western Europe is reassuring.

I sigh with happy anticipation and abandon my soggy little motorway lunch. Who needs Vegetarian Bake when raw Scottish nature lies just around the corner?

Thursday, Thurso

Bring back cruel landlords, bring back mass evictions! Something has gone horribly wrong. In spite of everything the brochures say, the Highlands are swarming with people.

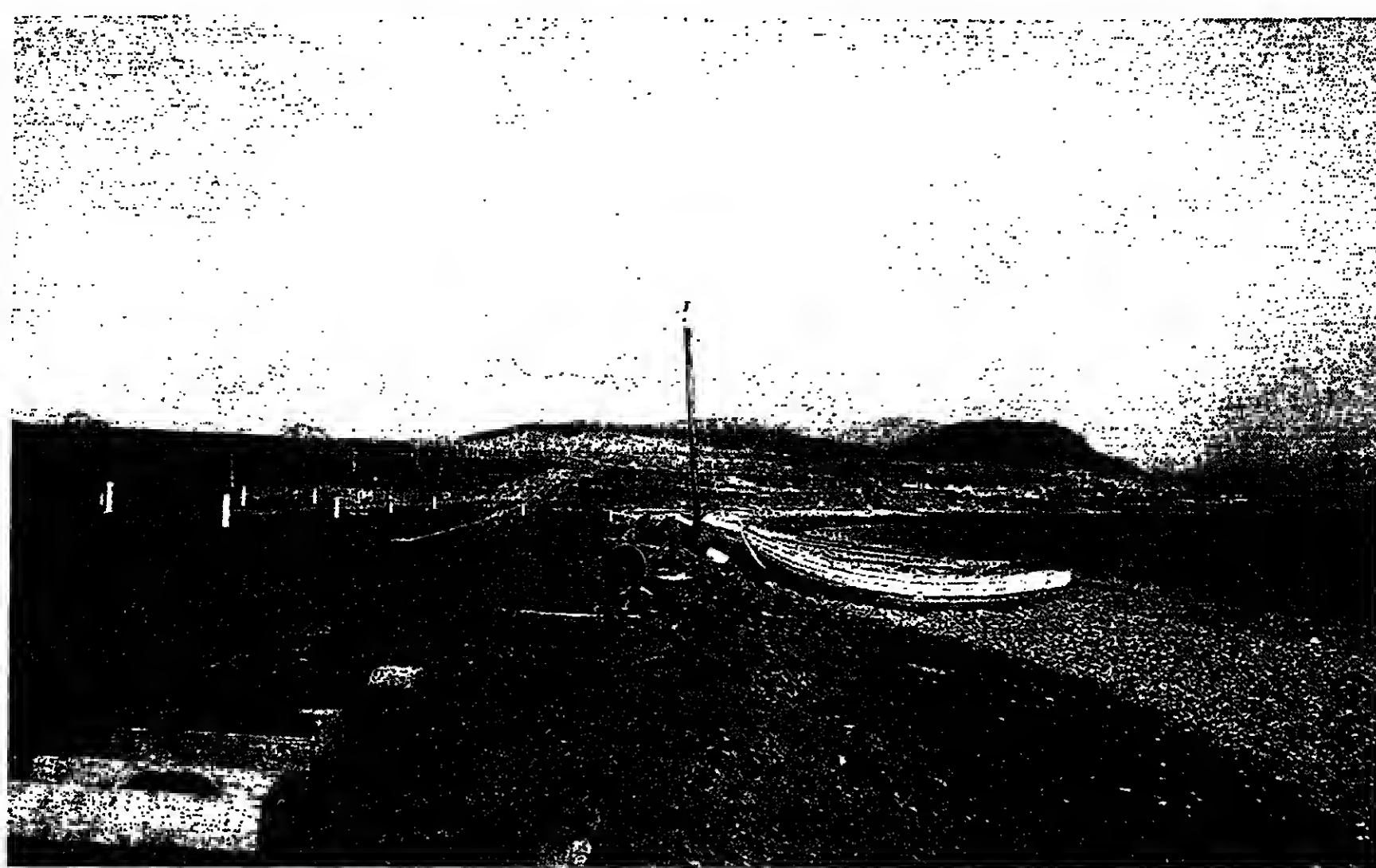
At least, Thurso is. It is the town on the far north coast of Scotland where the ferry leaves for the Orkney Islands. Not everyone, it seems, through the Mediterranean coasts in summer - at peak season, large numbers of Mediterraneans, seeking relief from the tourist invasion of the south, turn around and invade the north.

Every bed and breakfast on the Orkneys is, consequently, full and the overflow, waiting for a free bed, is jammed into Thurso. I spend this evening in Sandra's Café with hordes of Italians. We all eat pizzas and watch video clips on the satellite channel MTV - hardly the Highland escape I was hoping for. The Orkneys, *moio belle* as they are, deserve a visit at a quieter time of year.

Friday, Ullapool

Ullapool is hardly any more peaceful. It is a pretty little town, three hours' drive north of Skye - far enough, I would have thought, to out-run the tour groups that ply the Highlands and Islands' routes. But no: the harbour-side street running along the quiet waters of Loch Broom is packed with tea rooms, souvenir shops and woolen mill outlets doing a roaring trade.

It is not the Italians but the French who seem to have claimed Ullapool as their own. They are voracious shoppers. They snap up boxed presentation sets of single malt miniature bottles, silver-plate Nessie earrings, commemorating the yet-to-be-found monetary shortbread wrapped in cellophane plastic; diurnal videos of hairy men singing *Danny Boy*; and postcards of the



Potbain fishing station and the view towards Achiltibuie

Clear the Highlands again!

Nicholas Woodsworth heads north in search of Scotland's great deserted wilderness

what's-under-that-hilt variety. High road, low road, any road in between, few avenues are unexplored by Scottish kitsch.

I have snapped up something, too - an Ordnance Survey map showing, I hope, an escape route away from these Highland horrors. On it, I have circled Achiltibuie, a village sitting on a single-track road on the Colgach peninsula north-west of Ullapool.

My guidebook makes only passing mention of it. It has no Highland games, no castles, no shops selling woollens, no sheepdog trials, no Celtic music festivals, no celebrated golf courses, no stately homes open to the public from 10am to 5pm, no fragrant, peat-smoking distilleries to visit.

It sounds a good bet.

Saturday, Achiltibuie

It is. What surprises as you drive into Achiltibuie is land, sea and sky, and just how much there is of each.

The village, a thread of white-washed stone houses stretched along a rocky shore, hardly impresses itself upon the eye at all. It is nature that everywhere overwhelms - the bald, treeless moor sweeping down from the top of the hills to the edge of the sea; the confused archipelago of the Summer Isles sitting offshore like a great fleet caught in some muddled manoeuvre; fold upon fold of the mountains of Ross receding into infinity across a broad stretch of cold, north-bunch water.

What holds it all together in such soothing manner are the soft and muted colours of the Highlands. Forget Harris tweed.

Slate greys and kelp greens, heath reds and wrack browns, hilly blues and heather mauves all combine more subtly in this vast landscape than they do in any jacket.

Repose for the eye is one thing, rest for the tired traveller another. Where to stay in this great uncluttered space? Along the whole Colgach coastline - five little communities spread along 15 miles of water - there are just 300 residents, one pub, and one small hotel.

I pull up at the Summer Isles Hotel in Achiltibuie, drawn by the sound of fiddles and accordions. It is early, the afternoon sun still bright in a calm sky. But, outside the bar, in a little courtyard overlooking the sea, I spy a crowd of drinkers and half a dozen musicians flailing away in a wild

storm of jigs and reels.

In the parking lot I meet a tiny, silver-haired woman who tells me she was married here many years ago; today is her anniversary. The wedding was tragic, she laughs; the night before the reception, the fishing fleet sailed in. "They drank the bar dry," she says. "Our tongues were on our knees, but you couldn't get a drink for love nor money." She rushes off to the bar to make up for it.

Is this the perennial fear of all those present, their grounds for early and avid tipping? The fiddler, one feels, must be just around the point and hearing down hard on Achiltibuie.

There may be cheer and music aplenty at the Summer Isles Hotel today, but there is not a room to be had.

"Try Mrs Campbell," someone suggests, whisky-inspired, giving me a telephone number. Finally, after a dram of this and a call to Mrs Campbell, a dram of that and a call to Mrs Mackenzie and Mrs Macleod, I find myself a guest in the bed and breakfast establishment of Mrs Lottie Ross.

There is nothing twee about my room, it is bright pink: pink bedspread, pink walls, pink carpet, pink lampshades. I like it, anyway. Outside, dim white puffs of sheep wander in the moonlight and the grey sea swells and surges on the ragged rocks below my window.

Lottie and Jimmy Ross sit me down in front of a fire in their sitting room before they step out to the pub for the evening. "Make yourself at home," they say, showing me the coal scuttle and tea kettle.

I am beginning to realise I am a long way from London. It is not that the Rosses are unaware of the nasty possibilities of leaving a complete stranger alone in their home - before he retired from the police force, Jimmy walked a beat in Glasgow. But things in Achiltibuie simply do not work the way they work elsewhere.

Sunday

On Sundays, in fact, most things do not work in Achiltibuie at all. "This is Free Church of Scotland territory," Lottie tells me over a truly magnificent, unstintingly generous, mountainously high-cholesterol fried breakfast. I have been asking about a fishing trip out on the *Hectoria*, the tour and sea-angling boat that leaves from Achiltibuie's little harbour.

"We're still a bit traditional and the *Hectoria* never sails on Sundays, I'm afraid. But we are beginning to move with the times - a few years ago, I couldn't even hang out my laundry to dry on a Sunday."

I have no laundry to hang out. But a vague Sunday morning mood of culpability persists - the product, no doubt, of too many Saturday evening whiskies. I make my way down the seaside road to a white, wooden building on the edge of the village. There is nothing for lingering guilt like a morning service at the Free Church in Achiltibuie.

The Wee Frees, as they are known, get no prizes for interior decoration; their church makes the average anchorite's cell look like a riot of sensual abandon. There is no colour, no ornamentation, no graven image of any kind. There is no organ to give false courage to our singing.

Nor is there even much chance, it seems, of redemption or forgiveness. There is just a stiff, wooden pew and the stern voice of Douglas Gehlbe, the Free Church missionary, reminding us of our own awfulness. I suspect it does everyone gathered a power of good.

It certainly does something for me. Stumbling out of the gloom, I emerge into bright sunshine, fresh northern air and a thousand sheep browsing on grass cropped as smooth as a bowling green. I feel exhilarated. Beyond the churchyard lies endless sea and island and mountain, a view that has not changed since creation. Once again, I sigh with happy anticipation. I have arrived in the Highlands.

FT Ski Expedition/Arnie Wilson

Snowboarders in a storm

Arnie Wilson and Lucy Dicker are attempting to ski every day of 1994 on a round-the-world expedition. They spent October in Australasia and are now in the US on the last leg of their odyssey.

At noon on October 26 we were flying over a volcano in New Zealand. At precisely the same time and date our Air New Zealand 747 was starting its descent into Los Angeles. Such are the miracles of crossing the date-line.

Having skied on so many volcanoes in the southern hemisphere, we thought we should climb to the top of at least one before leaving for Mammoth Mountain in California.

We chose Ruapehu, which, unusually, has a lake in its crater. As we climbed up from Whakapapa's Far West T-Bar, the weather became progressively worse - mist, rain, hail, and, eventually, a white-out.

By the time we reached the lake, we could not see a thing. All that climbing had been in vain. So the following day we hired a light aircraft to get to see what we should have seen the previous day.

One of the highlights of New Zealand was our visit to Queenstown, the base for two of South Island's best-known resorts, Coronet Peak and The Remarkables. But just as we drew up at The Remarkables, the Queenstown constabulary arrived to arrest some Japanese snowboarders. The charge: skiing with children's season tickets.

The Japanese snowboard phenomenon is a very recent one. This is only the first year in which large groups of Japanese have spent the entire winter in New Zealand as ski bums, and according to the authorities they have brought with them a mini crime wave.

After two of them had been grilled about phoney tickets another 20 admitted they had done the same. Said one ski area official: "We want to stamp this out before it spreads."

Recently a local newspaper claimed: "Queenstown's Japanese snowboarding community is at the centre of a glue-sniffing controversy." Another reported a mugging in which the suspect was dressed "like a Japanese snowboarder".

But the Japanese are not the

Facts and Figures

October statistics

Winter season: 327 (from third January '93-2,000)

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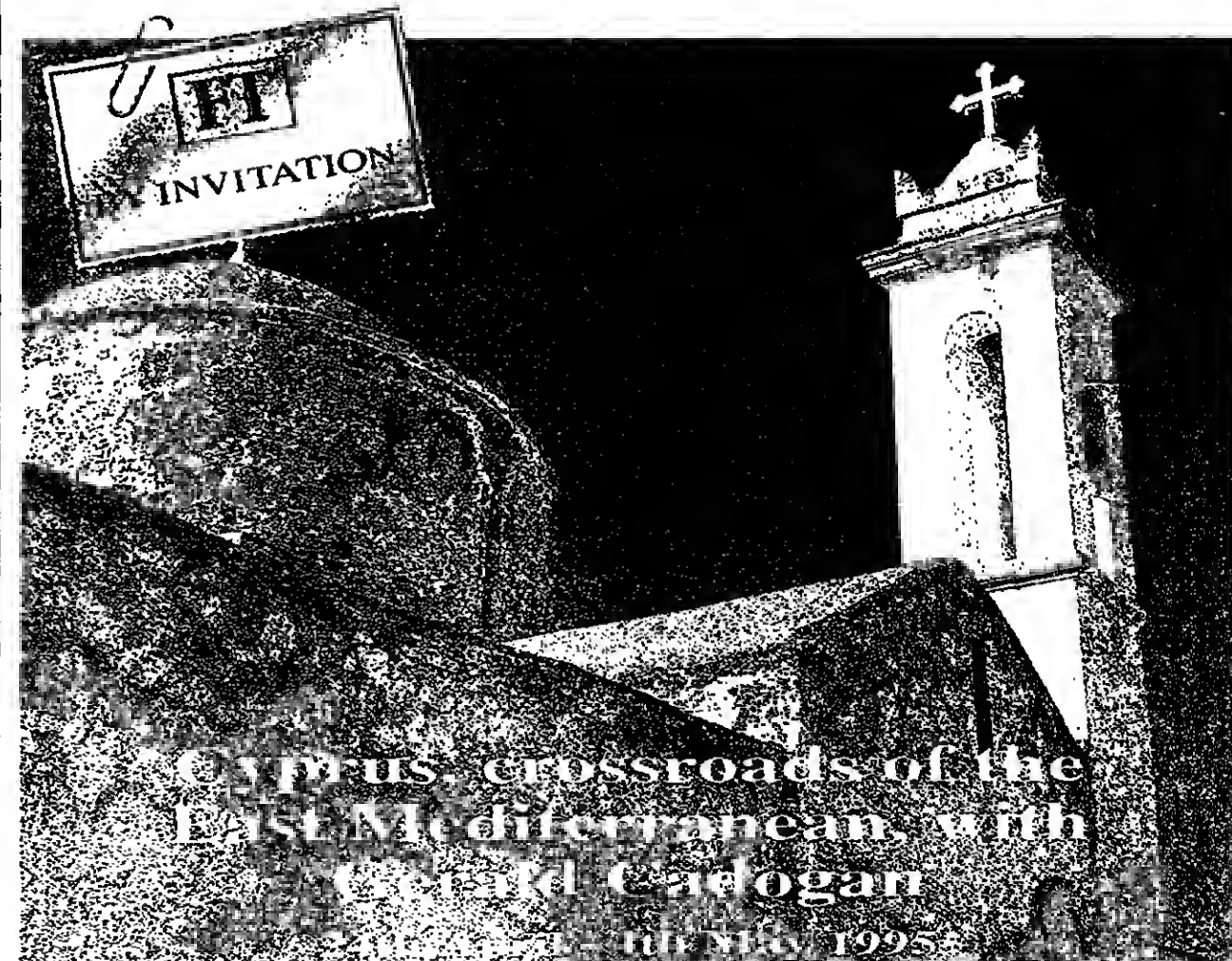
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The Financial Times offers its readers the opportunity to explore the wonders of Cyprus on an FT tailor-made tour. Spend 11 days in the company of Gerald Cadogan, the FT correspondent, learning about the ancient past as our exclusive programme takes you across this beautiful island at the ideal time of the year.

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- Day 3 Kato Paphos region.
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- Day 5 Tour of Western Troodos.
- Day 6 Travel to Limassol for 3 nights at the Churchill Hotel.
- Day 7 Limassol sites and museums.
- Day 8 Excavated sites in central Cyprus.
- Day 9 Nicosia for a 2 night stay at the Churchill Hotel.
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PERSPECTIVES

The Swiss army goes under the knife

Ian Rodger reports on the cuts being made to Switzerland's militia, the role of which has become more social than military

On a crisp September morning, the Schwägalp in the middle of the Appenzeller uplands looked like any other Swiss Alp, alight with autumn colours and a dusting of snow on the higher peaks. A keen observer might have noticed the absence of cows and rambles.

Then, suddenly, 50 soldiers pounded over the crest of a hill, dived to the ground and started firing multiple rounds from their automatic rifles into the mountainside 50 yards away.

From their left flank, another score rushed in, heaving grenades towards the same spot. Orders were shouted while officers and other observers stood by with flags, calmly scrutinising the pandemonium for several minutes.

Then, as suddenly as it began, this "attack on an enemy command post" ended, the troops retreated for a few yards and then relaxed and sloped off for a snack and a debriefing in the midday sun.

On a normal day, the young men who make up the 25th grenadier company of the 25th motorised infantry regiment of the Swiss Army would be working as bankers, doctors, lawyers, students, taxi drivers and many other occupations.

But for three weeks every year until they are 32, and less often until they are 50, they are called up for their WK (Wiederholungskurs) refreshment training in Switzerland's 600,000 strong citizen army.

During those periods, depending on their function, they patrol borders, manoeuvre tanks, pilot fighters and helicopters (pilots have to do six weeks training a year) and carry out all the other jobs that need doing in a large modern army.

The training is always rigorous. Soldiers regularly use live ammunition on exercises like that on the Schwägalp.

To an outsider, it all seems a bit silly at first glance. Toys for boys on a heroic scale. The Swiss have not taken up arms against anyone for more than 200 years and the prospect of them doing so in the foreseeable future seems remote. No one has invaded their mountainous country since Napoleon.

Gradually, however, it becomes clear to the visiting resident that the Swiss Army's most important role is not military at all but social.

Many western countries, including France, Germany and Italy, still oblige most or all able-bodied men to do military service. But Switzerland alone has an army composed almost entirely of militia troops.

Men start their military service at age 20 or on completion of their education or apprenticeship with a 17-week basic training course and they are then constantly available



Mountain bikers: soldiers on exercises near Thun



Cavalry battalions were disbanded, but there are still horse platoons

for call-up and keep their kit at home until they are dismissed at 50.

By then, they have given nearly a full year of their lives to the army. Those who choose to train to be officers must give much more time: a full colonel will have spent five years in uniform.

As a militia, the Swiss army permits no class distinctions. Bank executives rub shoulders with dustmen, scientists with waiters. Middle managers more and more find themselves giving orders to their civilian bosses, because the bosses no longer have the time to devote to officer training.

The men meet and test each other in severe conditions, bivouacking in a blinding snowstorm on a mountainside, surviving a two-day slog over mountains and through swamps. Strong friendships and enmities are formed and renewed every year.

It is at least arguable that one of the reasons that Swiss banks and

big Swiss industrial companies have been so successful over the years is the ability of their leaders, thanks in part to army experience and contacts, to avoid egregious mistakes in selecting top managers.

Today, the Swiss army is in the midst of its most important shake-up since 1910, adapting at a stroke to the post-cold war world and the increasing sophistication of military equipment.

Its complement is being slashed by a third to 400,000; more professionals are being engaged; and ordinary citizens will from next year train less and sign off at 42.

While the restructuring has been widely accepted on security grounds, many people fear that the considerable social benefits of the old system will be reduced or lost.

Since the 1815 Council of Vienna imposed armed neutrality on Switzerland, the role of the militia has been restricted to defence. Its current structure dates from 1961 and

was designed to implement the hedgehog or porcupine strategy developed during the second world war.

The Swiss realised they could not stop an invasion, but they reasoned that an invader's only purpose would be to gain control of the Alpine passes. So they set out a defence strategy that made this virtually impossible.

To this day, railway and road bridges and tunnels are armed with explosives at 2,000 points throughout the country.

This strategy survived the second world war, but not the great technological advances in military hardware that came with it. In 1966, the Swiss announced a more ambitious strategy, to defend the country to its borders using the most modern mechanised and mobile equipment.

The army now has 1,800 armoured vehicles and more than 300 aircraft as well as some of the latest self-propelled artillery and wire-guided anti-tank weapons.

Cavalry battalions were disbanded in 1974, although the army did not give up all the old ways. Its tough hicycle infantry is a modern-day rarity, as are the carrier pigeons, now threatened with demobilisation as an economy measure.

Already in the 1980s, the army was being contested on a variety of fronts. Environmental protection groups objected to the disturbances caused by army exercises. Women, hitherto restricted to auxiliary roles, demanded a chance to enlist as regulars.

Swiss companies, which previously made it a point of pride to count a few colonels among their top executives, were beginning to regret the long absences of those colonels. And Swiss wives began to complain openly about the long periods they had to look after the children alone, not to mention the huge loads of dirty laundry their husbands sent home from the field (postage free).

The public was also becoming more sensitive about the dangers inherent in military training. Newspapers now give full coverage of the inevitable accidents.

In 1989, the government was stunned when more than a third of voters accepted the proposal in a pacifists' referendum that the army should be abolished.

It rushed out a new security policy for dealing with "a world in mutation" which, in turn, led to the elaboration by the defence ministry in early 1992 of a complete overhaul of the military establishment.

Army 95, as the plan is called, is based on the idea of a more flexible security force, able to help in international peacekeeping activities, to protect the population in the event of natural and military catastrophes



The hills are alive with the sound of mortar: live ammunition is used in rigorous training

Photograph: J. D. P. / Contrasto

and to combat terrorism.

It saw the need for fewer soldiers, so the army's manpower could be reduced by a third. On the other hand, the complexity of military equipment meant the new army would need more full-time, professional soldiers.

And as Mr Kaspar Villiger, the defence minister, points out, troops going on overseas peacekeeping missions will have to be professional-

and to combat terrorism. "You cannot motivate a militia army sent to some distant corner to resolve a problem," he says.

Mr Villiger refuses to accept that the militia will become a second-class army, and leaves no doubt that his main concern is the social role the institution plays. "It contributes to the psychological strength of the country," he said in a recent interview.

Full implementation of Army 95

is two months away, and dozens of battalions and companies are about to be stood down for the last time.

I returned to the mock battlefield in the Schwägalp a few weeks after watching the 25th grenadiers. I looked carefully, but could not find a single spent shell or cartridge case or any evidence that anything had happened. The Swiss keep things clean, even in their war games.

The Wall is gone...

Continued from Page 1

pages was an instruction stating that he was entitled to access to a special party hospital in case of illness. "This ID card is only valid until the end of the year. I still have my DDR driving licence. Look, I know German unification is a reality. I am not a man that struggles with a windmill." He paused to allow the noise of a low-flying aircraft pass over.

"About this belief that I held. I thank the Russians for my life. I was seven years old when the Russians came to Germany. I had typhus. My mother was alone. She could not work. She was sick as well. We had to flee to Kolberg, near the Oder, which is now in Poland. The Russians saved us. I make no excuses for what I did for my homeland."

What do you do now? "I ended my political life in the beginning of December 1989. Since then I have been forbidden from working in the public sector. I cannot teach. I am under pressure. The federal property office wants to take away my house which I legally bought in 1989. I travel a bit. I am now a private person. In early 1990, I worked for an estate agency, then in a finance office. But not for long. I have found some work in a special commission looking at east German history. I rely on my friends for support". It had started to rain. He put his DDR papers back into his short, brown leather jacket.

The waiting room was full of people. But they were all silent. An assistant came in from time to time to summon a client. It was like waiting to visit the dentist.

Lothar de Maizière's office was large and comfortable. Situated in east Berlin, a short walk from the bustle of the high train station on Friedrichstrasse, de Maizière had started up his private law practice soon after he was forced to resign as East Germany's last prime minister when it was discovered he had informed for the Stasi, the east German secret police. He had become the first non-communist prime

minister of East Germany after the first free elections in April 1990.

"I had one hope during those days," he said, speaking softly. "I hoped that we would have a united German team participating in the Barcelona Olympics in 1992."

His hopes, however, have since faded into disappointment, and some confusion about the pace and methods of unification.

"Please don't misunderstand me. Our economy under the Communist system was so unproductive, the materials so awful. I knew what a catastrophic situation we were in by the end of the 1980s. But despite unification, there are enormous differences still existing between east and west Germany."

What sort of differences? He started to smoke.

"Over the past 40 years, two different cultures evolved in East and West Germany. Take language. We speak German differently. The west Germans have practically forgotten their grammar. They hardly use the genitive case, or the adverb any more."

He paused to light another cigarette. "But it's more than that. The eastern and western parts of Germany were always different. The west was catholic, and more open-minded to the Romantic tradition. The east was Protestant and sober. Look at the red brick Gothic architecture which you find in the east but not in the west."

How has the past 40 years accentuated those differences?

"During those years, we experienced, heard, and read different things. The easterners were exposed to art which was concrete and realistic and Slav influenced. We read Solzhenitsyn and Akmatova (the Russian writers) and listened to Shostakovich and Penderecki. The West Germans looked westwards, hugely influenced by the US. There is such a large gap in our cultural experiences. The west opposed communism and the east opposed capitalism. And now we are trying to get together again."

And are the two Germans coming together?

"Inner unity does not exist. It's the way they (the west Germans) talk to us. The way they treat our past. My God! You would think we never ate with a knife and fork before the Wende (change), the name given to the collapse of the Berlin Wall. The big mistake was that the West (westerners) did not have to make any psychological compromises after unification. The establishment made no effort to integrate the intellectuals and old functionaries. One of the other negative things about unifica-

tion was the bureaucracy. It's worse than the times under the Communists. But the west Germans told us: 'Do things like us, and everything will be fine.'"

What about you, personally? They found out about your Stasi past. What had you done?

"I was a defence lawyer in the DDR. I was involved in many political cases. We had to speak to the authorities. I did not know that everything would be recorded. In 1951, the Bundestag (Germany's lower house) passed a law in which every (east German) lawyer had to be vetted. They spent a



Lothar de Maizière: It's the way the west Germans talk to us. My God! You would think we never ate with a knife and fork before

year vetting me." What did you feel when they found out about your past? "I was helpless."

An assistant came in. She said there was a client waiting.

□ □ □

"I had been a member of the Liberal Democratic Party Germany," said Hans-Werner Böhm, Hannelore's husband. The LDPG was a "block party" sanctioned by the ruling Communist party.

"After fighting on the front during the war I finally returned from Russia in 1949 to Götting. I was 25 years old at the time. I trained as an engineer and worked in a private Handwerk, a small workshop belonging to my uncle. But in 1972, the Communists banned the remainder of the private sector."

After German unification, the Free Democrats, the junior partner in Chancellor Helmut Kohl's governing Christian Democrats, took over the LDPG. "I remember it well," said Böhm. "I got this letter from Otto Graf Lambsdorff (a senior member of the FDP), welcoming me into the party even though I had never been asked if I wanted to join. And then he said I should pay DM15. They just assumed I would join. I refused. It was their attitude. The arrogance. The way they took us easterners for granted."

During last October's federal elections, the Böhms both voted for the PDS. "The PDS speaks out for us. They represent our voice. They do not say the past 40 years have been wasted or worthless. But don't misunderstand us. We are both retired. We are well-off. We do not want the old days back. There are many good things about unification," said Böhm.

□ □ □

"And the tide. We eventually saw the ebb and flow," said Hannelore Böhm. It was in July 1992. At Amrum, an island in the North Sea. The weather was very hot. It was the speed at which the tide turned which was so surprising. It was really beautiful to see."

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SPORT

Basketball

The Big Dog takes his bite

Patrick Harverson looks ahead to a US basketball season purged of violence but not free of greed

In this year of sports folly, it was difficult to imagine that anyone could surpass the greed displayed by the owners and players whose squabbles over money have shut down two of North America's four major league professional sports, baseball and ice hockey.

Then along came Glen "Big Dog" Robinson.

Robinson, 21 years old, and 6ft 7ins, was an outstanding basketball player at Purdue University in Indiana. He should have been making his professional debut last night when his team, the Milwaukee Bucks, played its first game of the 1994-5 season against the Philadelphia 76ers.

But Robinson could not have been expected to make much impact last night. This is because he had only one day's practice with his new team, having spent all but the final day of the pre-season engaged in a contract dispute with the Bucks, who earned the right to choose him by virtue of being one of the league's worst teams last year.

The dispute was over Milwaukee's refusal to accept Robinson's demand for a \$100m, 13-year contract. At \$7.7m a year, the untested Robinson was asking for more than double what the recently-retired Michael Jordan, arguably the greatest player in the game's history, was worth just two seasons ago.

Even in North America, where salaries in sport reached stratospheric levels years ago, Robinson's demand was greeted with astonishment. An established player who had led his team to a championship or two might be regarded as avaricious if he asked for that much, but a neophyte who had yet to score a single point in his professional career?

Robinson's hard-bargaining tactics were particularly distasteful because he was seeking a king's ransom from one of the poorest clubs in the NBA. Milwaukee is a small market by US sport's standards, and its team has enjoyed little success lately, so the club cannot count on earning the vast sums of money from television rights or merchandising sales commanded by the big-city teams such as the New York Knicks or Chicago Bulls. Herb Kohl, the

Bucks' owner put it all in perspective when he said last week that he was considering trading his ownership of the franchise in return for Robinson's salary.

In the end, however, Milwaukee could not face the prospect of starting the season without their marquee player, and on Wednesday the club signed Robinson to a contract that will pay him \$85m over 10 years. At about \$85,000 a game, that makes Robinson one of the highest paid players in professional team sports.

The Robinson saga illustrates a flaw in the NBA's draft system. As in other North American sports, the process by which the best college players are fed into the professional game is designed to promote parity within the league by giving the worst teams each year the first pick of the college stars.

In recent years there has been a dramatic inflation in first-year, or "rookie", pay levels. In each of the past few seasons, the top selection of the draft has invariably demanded - and received - more money than the previous year's top selection. Consequently, the worst teams get the best young players, but they are also saddled with the best young players' increasingly immense salaries. And the worst teams (Milwaukee, the Dallas Mavericks, or the Sacramento Kings) are often the poorest, by virtue of their lack of success.

It is not just the size of the salaries demanded that poses a problem, but also the length of the contracts. Robinson has achieved guaranteed financial security over the next 10 years, the length of an entire career in the NBA. Yet, not only can the Bucks not know if Robinson will ever become the superstar player the club badly needs, they also cannot possibly know how long he will last in a league which places an increasingly demanding physical burden on its top performers. Signing a young player like Robinson to a 10-year contract is like buying a long-term mortgage on a house in the middle of war zone.

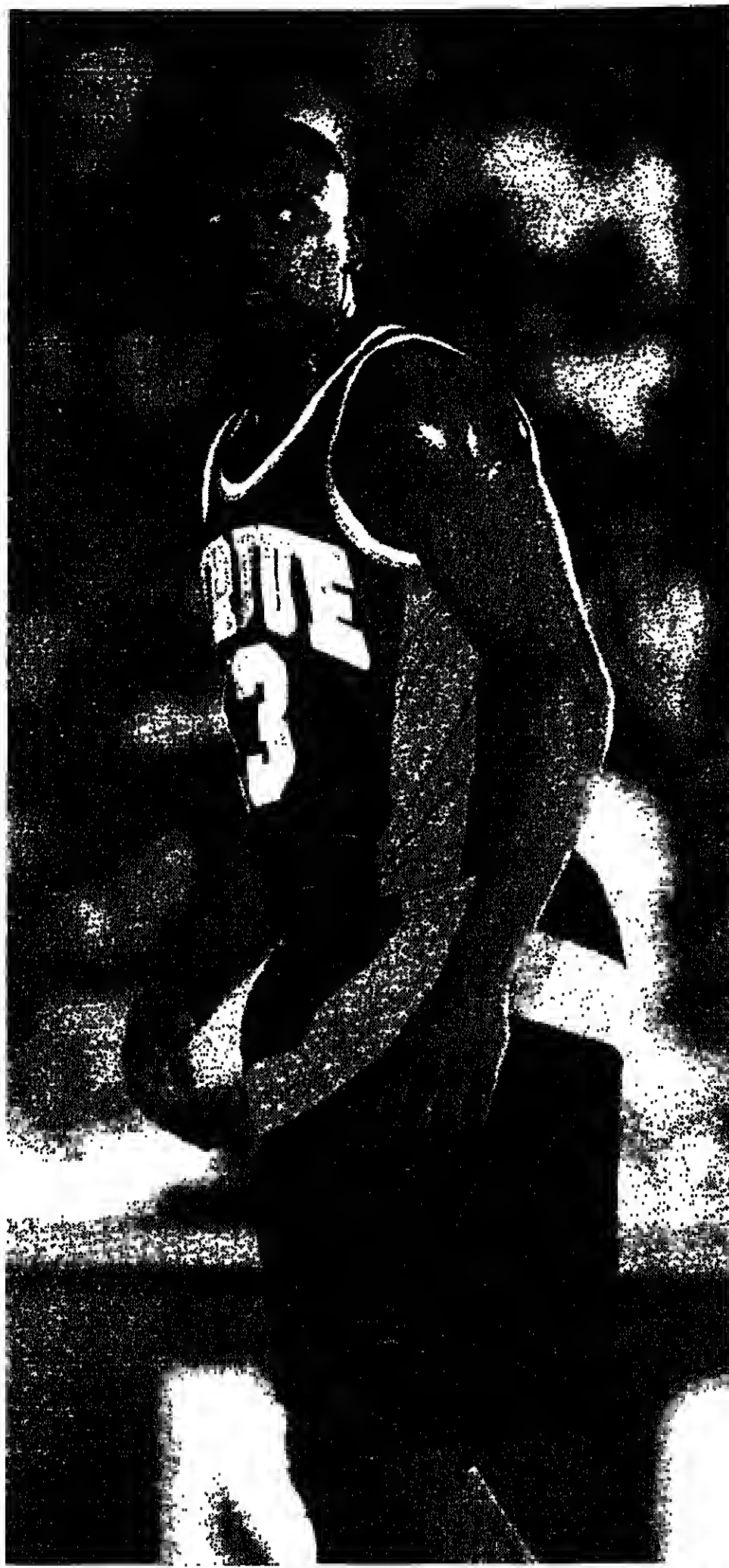
Of course, the club did not have to pay the vast sums demanded by Robinson, but the Bucks could not afford to have its star rookie sit out the season, as happened in Dallas

three years ago when the talented Jimmy Jackson declined the salary offered by the Mavericks. Jackson missed an entire season, and although he signed for the club a year later and was joined by Jamal Mashburn, another top college player, neither Jackson nor the team has since recovered from the disruption. In the last two years, the Mavericks have finished 27th in the 27-team NBA. Robinson's decision to sign was good news for the NBA. The league cannot afford to do without players of his pulse-quickening skills and athleticism. Last season was one of the duller in recent memory, and the championship was won by one defence-oriented team (the Houston Rockets) over another defence-oriented team (the New York Knicks). In an attempt to restore the game's lustre, the NBA has introduced new rules against dirty play and intimidatory tactics that are designed to rid basketball of its more brutish habits.

Although it is theoretically a non-contact sport, basketball has always tolerated its share of bumps and bruises, crashes and collisions. In recent years, however, some teams have been pushing the rules as far as they will go, with players using their hands, elbows, shoulders, and hips to break up attacks and disturb the flow of the game. This style of play has turned up the temperature on court, leading all too often to the violent eruptions that have earned the sport the nickname "basketbrawl".

Yet, as FIFA, world soccer's governing body, has discovered this year with the introduction of its new rules against dirty play, the NBA is learning that cranking down on rough and defensive tactics can mean cleaner, but not necessarily better, games.

The chaos and confusion among players and referees over how to handle the new rules made for some disjointed contests during pre-season exhibition basketball last month. The always image-conscious NBA can only hope that players will quickly adapt to the new rules, and that the new season will not see too many repeats of the tedious free-throw shooting contests that the fans have had to endure in pre-season games over the past few weeks.



Pedigree dog: Glen Robinson became the highest-paid man in US team sports this week

Three years to go and already Valderrama's suitability as a Ryder Cup venue is being questioned. Last week's Volvo Masters at the Spanish venue produced record crowds but they in turn heightened alarm that the course will be unable to cope when much larger numbers attend in 1997. The fundamental question is whether such events as the Ryder Cup should be held on traditional or modern courses. Valderrama was built only in 1976 but is firmly traditional in design. Anyone who attended the last three Ryder Cups in Europe at the Belfry, for example, will certainly enjoy the better aesthetics. Almost every hole is marked by the vivid shapes and luminous bark of cork trees.

The course swoops both uphill and down and offers splendid views of the Andalusian countryside. Its owner, a retired tin billionaire from Bolivia, Jaime Ortiz Patino, is thought to spend \$2m of his own money each year to maintain the course in splendid condition.

In the six years since he bought it outright, Patino has ironed out some of the quirks that brought a mixed reaction from the professionals when

Golf/Derek Lawrenson

On the right course?

Valderrama was first added to the tournament schedule.

"It looks like it was designed by Walt Disney's brother," David Feder once said. Patino has rebuilt the greens at the rate of two a year so that they spike up less and drain more quickly. The 17th has been converted from a long and arduous par five to one that resembles the 15th at Augusta. The bank behind the green will make a splendid focal point.

There are many feature holes. The fourth is a spectacular par five; the eighth a gorgeous short par four; the 10th another birdie opportunity; the 12th an extremely long short hole cut through an avenue of woodland; the 15th is a scenic par three. Few who have either seen or played Valderrama doubt its right to be considered among the top 10 courses in Europe.

But does that make it a great Ryder Cup venue? The trouble with traditional courses is that they were never meant to accommodate heavy traffic. Who could have foreseen, in a country where few people are interested in golf, that one day Valderrama would have 25,000 spectators walking around it?

There are bottlenecks everywhere that will make it a logistical nightmare for those who like to follow the Ryder Cup matches around the course. To get from the second to the third involves going through a small tunnel. To get from the 14th to the 15th means clambering up a steep bank, and people were slipping and falling as they endeavoured to follow Severiano Ballesteros on the final day last week. Walk along the left of the 17th and it is not possible to see a thing until the green is in sight. The trees which add so much to the

course's splendour heavily restrict the numbers who can walk around. The 18th, the most crucial hole of all, is one of the worst in this respect. Few people will be able to see anything. Patino has his answers to some of these questions. There is talk of a bridge being built between the second and the third. He is discussing with an electronics company the possibility of constructing a giant television screen behind the 17th so that people will not have to fight to catch a glimpse of a match that goes down the last. On the 18th, eight of his beloved cork trees are to be removed to accommodate a grandstand.

Some of the problems, though, seemed to have escaped his notice until they were pointed out. He was unaware that viewing was impossible from the side of the 17th fairway. To these concerns Patino added one of his own. A section of the road that

links Malaga to Valderrama has still to be built and so for 11 miles the traffic is down to one lane in either direction. Patino, in his Ryder Cup bid, said this would be a dual carriageway by the time of the match itself and there would be no problems. He was wrong. The construction work is in grave doubt. The Spanish government wants it to be a toll road and is awaiting bids to build it. None are forthcoming. If the money to build is not in the transport budget by next March then Patino doubts that it will be constructed in time. In that case, he estimates, spectators could take six hours to travel the 30 miles from Marbella to the course.

Patino is clearly adopting a high risk strategy in making known his dismay. He hopes to shame the government into action. But his views merely reinforce the long-held thoughts of many in Britain, that the Ryder Cup will be damaged by Spanish inefficiency.

Would not the Ryder Cup be better on a modern course, which may be bland, but will be easy for spectators and accessible? It is a question that Valderrama, the sum of our hopes and fears, raises.

Rugby Union/Derek Wyatt

Springbok shadows

Since England's disappointing tour there in May, South African rugby has hardly been out of the news. Fracas on the field has been matched by verbal dust-up off it. Recently, Dr Louise Luyt, the SA President said in an interview that rugby union would be professional by 1995, that Home Union officials should be fired and that the 1991 World Cup was laughable. No one within the hermetically sealed committee rooms of the four Home Unions knows how to read the "new" South Africa. It was not always thus. Five years ago, when the political map of that country was more certain or at least more dependent on the Afrikaaner vote, rugby union, unlike nearly every other sport in the world, helped prop up the political status quo in South Africa.

There were no boycotts, no ban on players, referees or administrators visiting the country from the body that pretended it represented the world view of rugby, the International Rugby Board.

England toured there in 1984; New Zealand tried to tour in 1985 but a successful court case led by the affable New Zealand rugby player Faddy Finnigan QC stopped the New Zealand Rugby Football Union in their tracks in the high court in Wellington. When Judge Casey deliberated at a special sitting on a Saturday morning in Wellington, the whole of the country was rooted to the spot. A packed public gallery trailed outside, blocking traffic. When he found in favour of Finnigan the applause of the gallery reached out, like a Mexican wave, to the streets and beyond.

New Zealand, whose own rugby union had toured South Africa without Maoris to accommodate the apartheid policies of the South Africans, was posting notice that it was growing up. Within months, the British Lions due to tour South Africa in 1985, fearful also of a legal challenge, called off the tour. Only the French, as ever, decided to break ranks, touring in 1990.

But there were two other tours. The first was the Andy-Haden-inspired renegade tour of South Africa by a New Zealand Cavaliers side, and the second was a group of international players who played in the white South African rugby board's centenary matches in 1989.

Haden denies there was any incentive other than pride for the team he secretly assembled. But the 1989 tour was altogether different. Such was the subterfuge, allegation and rumour within the Welsh Rugby Union of the amounts of money given to players and administrators who attended those celebrations that a report was commissioned.

That report, of which there are three versions - one of over 2,000 pages, one of about 1,000 pages, and a shorter report of only 13 pages. I have a copy of the shorter version. It states:

"Had we been deciding this issue (payment) on the balance of probabilities that, from the evidence heard, we would have found that most (and quite possibly all) of the players were handsomely rewarded for going to South Africa. By that we mean that they received money, and not just the incidental benefits. At least one player received at least £30,000 and others as much or broadly comparable figures."

The report carefully lays the blame on the players but I am sure that the administrators who attended were also well rewarded.

Who paid? Why, the South African Rugby Board under that wily old Danie Craven. The irony is that this report was carried out by Vernon Pugh QC, then an innocent bystander in Welsh rugby affairs. Three years later he is both chairman of the Welsh Rugby Union and the International Rugby Football Board. Two weeks ago, Luyt failed to appear at the interim IRFB board meeting in Vancouver, where he was to be asked to explain his remarks on the four Home Unions.

I would guess, therefore, that if you were Pugh, almost the last country you would want to confront on and off the field currently would be South Africa. Yet South Africa are in Wales and carrying all before them.

Once the sporting isolation was imposed, club rugby in South Africa gradually became a bit-part player to the provinces. The provinces owned the grounds and had the television and sponsorship. And with no one to play, the country had little choice but to turn its provincial championship into a mini-international series.

The gates were huge, frequently topping 40,000, often reaching the 65,000 capacity of the larger grounds. Consequently the amount of money piling up was unreal in an unreal country. That money meant that South African rugby union could stop its

players following the country's cricketers to Australia and England.

To keep them, deals were done. These started with inflated expenses and turned almost into payments and then salaries. Luyt knows the score. What irritates him is that he believes this is the direction all top-level rugby union must go. He cannot fathom why the four Home Unions are hiding the truth. He knows how much some of them were paid to come to South Africa in 1989.

Meanwhile, the side South Africa has brought to Wales and Scotland is good, verging on excellent. It is hard to see any real weaknesses except that the team has not yet gelled completely and sometimes coasts when it is ahead.

There are some great players - Japie Mulder and Brendan Venter in the centre and Mark Andrews and Dirkus Haling in the second row - but, as always, South Africa takes time to settle when overseas. Just the public scrutiny is hard for them to take coming, as they do, from a society that hid the truth for so long.

They were last in the UK only two years ago when the last team of the Naas Botha era played against England. Botha briefly played American football for the Dallas Cowboys and yet was re-admitted to the amateur game immediately his contract ended. On the field, Botha led South African rugby down too many blind alleys, because he saw the game only in yardage, making huge kicks to take his forwards over the gain line.

Two years on, this side is fitter, faster, heavier up-front and stronger in every position. Its only problem, apart from a still over-vigorous approach, is that it cannot decide on a half-back partnership. Nonetheless, the Springboks are preparing to be crowned world champions next year at Ellis Park, Johannesburg.

'The amount of money piling up was unreal'

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Motoring

Go for a spin in safety

Cars are getting so much smarter than the people who use them that they will soon be equipped with electronic systems taking decisions out of the driver's hands. It all began some years ago with ABS (or anti-lock) brakes that allow drivers to stamp on the pedal and then steer round obstacles without losing control - whereas panic braking on wet roads in cars without ABS often causes accidents.

The reason is that a car slows down much better when the tyres are just revolving than when they are sliding. And as sliding tyres have no sideways grip, the front ones cannot steer the car and the back ones cannot prevent the tail from swinging out of line.

But ABS works properly only if you slam on the brakes as hard as you can and keep trying to push the pedal through the floor until the car

stops. Research by Lucas and Mercedes-Benz has shown that seven out of 10 drivers of ABS-equipped cars get it wrong. In an emergency, they slam on the brakes quickly enough but then ease off slightly. This means the full benefit of the servo mechanism, which boosts braking power, is lost. Stopping the car takes longer than it need.

So, Lucas and Mercedes-Benz have evolved an electronically controlled brake booster that senses emergency braking. It then keeps the brake-boosting servo fully on even if the driver is no longer pressing the pedal as hard as possible. The system will start to appear on Mercedes-Benz cars from the 1996 model year.

John Maciver, managing director of Lucas Braking Systems, describes the electronic actuation system (EAS) as the biggest advance in

braking since ABS was introduced more than 20 years ago. EAS not only allows ABS brakes to work with full efficiency - it also prevents a lead-footed driver from spinning the drive wheels during acceleration, and even helps prevent a car from drifting off line in a bend taken too fast.

There has been a lot of emphasis recently on passive safety: on things such as air bags, crumple zones and side intrusion bars to protect occupants when a car crashes. All of this is well and good - but it must be better not to have a crash in the first place. This is where active safety systems such as EAS come in.

Also under development by Mercedes-Benz, although some way off production, is an intelligent cruise control system. If fitted to cars as routinely as heater/demisters and stereos now are, it

would get rid of those motorway menaces, the tail-gaters. They are a prime cause of multiple crashes because they follow so closely that, when the traffic slows suddenly, they cannot help running into the car in front.

The Mercedes-Benz system uses infra-red transmitters integrated into a headlamp to monitor the traffic in front. A computer calculates the safe headway for the car and maintains it by operating the accelerator and brake.

It is, of course, only a thought - but if drivers were half as intelligent as the Mercedes-Benz cruise control, they would always keep a proper distance from the car in front and reduce speed on slippery roads. Then, none of these clever electronic devices would be necessary.

Stuart Marshall



Peugeot's sedan saloon

Hatchbacks with load spaces are useful but many feel saloon cars with boots have more style. Yet Peugeot calls its latest 306 four-door a sedan. I thought low gearing made the poshest two-litre ST

model I drove sound fussy at motorway cruising speeds. It was nippy in town, rode with Peugeot's usual shock absorber, and had exceptional space inside. Prices are from £11,565 to £13,850.

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BOOKS

Symbol of a disillusioned age

Peter Aspden finds it hard not to warm to the anguished man who would be king

Just a couple of months before Princess Elizabeth gave birth to her first son, a report in the New York Times delivered a waspish verdict on post-war Britain: "an impoverished second-rate power, morally magnificent but economically bankrupt". Today, the feeling that Britain has some kind of special reserve of probity which can compensate for its otherwise sagging fortunes is distinctly unfashionable.

Jonathan Dimbleby's sympathetic biography is as much the story of that decline, of the gradual coarsening of a nation's sensibility, as the tale of a man who, racked by self-doubt, has come to symbolise Britain's crisis of identity.

That the two - nation and heir - his collection of letters, unlike Kathleen Tynan's earlier, much admired and affectionate biography of her late husband, displays some of Kenneth Tynan's less charming characteristics. The correspondence also reveals several surprising, and sometimes contradictory, judgments from one of the most celebrated critics of British theatre.

His early letters from school were innocuous enough, offering only fan letters and gossip to a friend. Oxford provided the first of several love affairs; there is fun and variety in this correspondence but only his own evidence of burgeoning talent. He both directed and played in the theatre; "my production of *Sweeney Agonistes* was a terrific success." Isis called him "Oxford's best journalist, objectionable Kenneth Tynan." He came down without a degree but with several theatrical offers waiting. To Picture Post he wrote that "the year which I spent in Oxford was a superb parenthesis in my life and, like all the best parentheses, they mean more than all the rest of the sentence." This was in 1950, when he was 23.

The following Christmas, he sailed with Elaine Dundy, later his first wife, to New York. John Gielgud asked him to supper and Tynan described Kenneth More (in *The Deep Blue Sea*) as "our best answer to Marlon Brando."

Arthur Miller's *The Crucible*, he wrote on a later visit to New York, was "a failure dramatically." Yet 10 years on, in a memo to Olivier, Tynan included it in a proposed

schedule for the National Theatre. In January 1953 he was working both for the Daily Sketch and the Evening Standard but in July he wrote to David Astor for a job as second-string theatre critic on the Observer. This did not stop him from taking on a job as script editor at Ealing Studios, assuring Astor that "a not too tedious job in another field would stimulate me."

In September 1953, Wolcott Gibbs of the New Yorker died and William Shawn, the editor, invited Tynan to take his place. Tynan left Ealing, with a long critical letter to its director, and began work on the New Yorker.

The section entitled "Crest of the Wave" begins with the break-up of his first marriage, which Tynan, on the evidence of these letters, tried to keep going. The ATV programme, *We Dissect*, which Tynan had built up with 26 liberal American citizens, went out in January 1960 and was ill-received in US. It is hardly surprising that he reckoned he should be in England again, where he wrote to Olivier to ask for a job. Olivier, reluctantly at first, took him on as literary manager for the National Theatre.

"Celebrating the Sixties" is predominantly National Theatre correspondence. Controversial plays included Robert

from Dimbleby's portrayal; a grown man, capable of agonising intensity, who still expresses himself in the puerile vocabulary of the Eagle, the boy's comic given to him by his loving great-uncle Lord Mountbatten. The future King's moral universe, as expressed in his diary, refuses to veer beyond the boundaries of "heavily" and "jolly", even after the humiliating tour of Korea and Hong Kong in 1952, by which time the fairy tale

wedding had turned to nightmare, his life was cloaked in the terminology of a schoolboy about to have his tuckshop allowance taken away. "I feel so assaulted to the ghastly business of human intrigue

and general nastiness... I don't know what will happen from now on, but I dread it."

The marriage to Diana was something he could - and should - have been talked out of; but who was there? Certainly not his mother, whose minimal presence in her son's biography speaks volumes: while Charles prevaricated over whether to take "la grande plongée" (sic), we read that "characteristically in relation to such matters,

the Queen refrained from tendering her opinion". Whether she exercised similar restraint when the blushing bride started head-buttling the glass cabinets is not known, but the widely-publicised lack of intimacy in this very mixed-up family cannot fail to have haunted the Prince's sense of self-worth.

To his credit, Charles has not allowed the blunderings of his private life to divert him from the quite complex socio-political pos-

tions he has embraced. In many ways, he would make a perfect monarch for the current age; his modish mix of eastern philosophies, eco-concern and community politics certainly strikes more of a chord today than it did at the beginning of the 1980s.

Interestingly, he has one ambition left; after a famous gala White House dinner in 1985, he reflected: "Travolta asked Diana to dance, he whisked her about the floor and everyone left them on their own until I joined in eventually with a very good American ballerina, whose name I forget. Sadly there were no lovely actresses or singers. I had been rather hoping that Diana Ross would be there..." Another Diana? Forget it.

THE PRINCE OF WALES: A BIOGRAPHY by Jonathan Dimbleby Little, Brown £20, 640 pages

Modern British drama under the microscope

B.A. Young on Kenneth Tynan and Nick Curtis on Arnold Wesker



Kenneth Tynan photographed by Cecil Beaton: his letters reveal some of his less charming characteristics

Graves's re-written *Much Ado* and Charles Wood's *Dingo*, which were turned down by the board. He continued his freelance work, and the seduction of Kathleen (largely by telegram). In 1956 he proposed an erotic show, "Nothing that is merely funny or merely beautiful should be admitted; it must also be sexy." This became the notorious *Oh! Calcutta*.

The 1970s marked the start of Tynan's fade-out period. He was becoming increasingly radical; work was commissioned from Havel and there was an idea for pieces about Wilhelm Reich and Daniel Cohn-Bendit.

In a series of letters from Tunisia, his marriage to Kathleen was going well but his health was breaking down. In London, Peter Hall had taken over from Olivier at the National and there was talk of Tynan's departure.

By the spring of 1977, he and Kathleen were in California, where he went on writing pieces about literary and dramatic figures while retaining his English friendships. He made friends again with his first wife and with fellow-critic Harold Hobson, and wrote rhymed birthday-cards to his children. Then he died.

It is hard to sense much affection in these letters - but the answers to some of his more provocative correspondence would have made interesting reading.

placental theatre with their oblique absurdism. Osborne and Wesker employed their supposed working-class realism to equally devastating effect: Osborne raged and loathed, Wesker argued, doubted and loved.

Unlike Pinter and Beckett, their seminal early plays (*Osborne's Look Back in Anger*, Wesker's *Chips With Everything* and his *Trilogy*) have dated badly, a fact both refuse to acknowledge. While Osborne ossifies into damn-you-all curmudgeonliness, Wesker writes, writes, writes, appealing for justice and the recognition he gets abroad and feels he deserves at home.

This Arnold Wesker - the wounded, misunderstood artist - cries out sporadically from the pages of an unruly, unbalanced first volume of autobiography. He appears in paragraphs announced as "Asides" in a narrative that hopscoches

back and forth through his life up to 1959 and beyond. There is also the bereft husband confessing, if not regretting, the adultery that wrecked his 35-year marriage to the adored Dusty, a marriage barely begun as this book ends. Most embarrassingly, there is the penitent father, appealing directly for forgiveness to the eldest son Lindsay Joe who will not speak to him because of this betrayal. (The publisher notes that, since writing, Wesker and son are reconciled. Whoopee.)

Mostly though, this is a chronicle of the early years that preceded Wesker's early success, where he's at pains to assert what most writers spend their lives denying - the direct autobiographical nature of his plays, poems and prose. The last hundred-odd pages are gripping as the twenty-something Wesker is tentatively fostered by the Royal Court.

lunched by impresarios and championed by his revolutionary peers after years of rejection letters. To reach this consummately readable apotheosis, though, you have to hack through over 400 pages of reminiscence, romanticism and (Wesker denies it, but it is there) nostalgia.

The story of his childhood and early adulthood is clothed with diary extracts (his own and others), letters (ditto), and illustrative smatches from his works. Wesker could condense, paraphrase or edit, but refuses to. He depicts himself through younger writings as a mildly embarrassing but adorable innocent.

His hopes, dreams and, above all, his family and friends are laid painstakingly and repeatedly before us in an often gauche, sometimes untidy and always rambling narrative. Wesker's family - cantankerous but loving mother, ineffectual father, saintly sister - appear with a frequency justified by his reliance on them for the gist of his drama. His friends are another matter. Although many metamorphosed into characters in his plays, many more seem to be evoked for the sake of avenging past slights or expunging past guilts in print. A huge number are incidental to the narrative, suggesting that Wesker is more interested in communicating with his past than communicating with the reader.

Wesker demands his infidelity with prose, and it shows. His style at first is either overwrought and overexcited or fetishistically introspective and self-absorbed. As if to illus-

trate the blend of self-doubt and self-justification that makes up the large part of this volume (the title is very apt), the pages are littered with question and exclamation marks.

When writing about his early years, Wesker is like a child, alternately demanding acknowledgment of his cleverness or wheedling for sympathy. Later - much later - he settles down to become fast, funny, even fair. He is brilliantly even-handed to his late friend, the dictatorial director John Dexter, who premiered *Chicken Soup With Barley*, *Roots* and *The Kitchen*. There are also thumbnail sketches to rival Osborne's depictions of Tony Richardson and George Devine, the powerful Royal Court supremes.

For the most part, though, as in his early plays, Wesker now seems to be overdoing it. His Russian-Transylvanian ancestry, the milieu of an East End Jewish family through the 1930s, '40s and '50s, the factors that shaped a young, working-class, autodidactic Jewish playwright are all somewhat smothered by the tangential, the incidental and the inconsequential.

Since this book officially ends in 1959 (Wesker constantly runs ahead of himself), I presume there's at least one more volume to come. The last fifth of *As Much As I Dare* hints at how good the next book might be. The other four-fifths do not.

That the undertow of sadness is never allowed to swell up into tragedy is typical of Lake's cunning.

As much a specialist in the field as V.S. Pritchett, Alice Munro stands alone in this batch in writing stories which, for all their brevity, evince such complex emotional references and depth of character that each reads like a miraculously compressed novel. For this very reason, it is impossible to read *Open Secrets* (Chatto & Windus, £14.95) back-to-back - one has to keep laying the book aside to live each tale a little in one's head. Ranging in their settings from the 1950s to the present, from Canada to the Balkans, they are united by an undertow of violence and by the restlessness of their heroines - each a pioneer in her way. Like the best styles, Munro's is invisible, inexorable and precise as the slowest cogs in a clock mechanism, her narratives seem so weighted with innocence and induce an often quite needless sense of dread.

Three big questions

Popular science books, like crime novels, must get read mainly by people who follow the genre. In the wake of Stephen Hawking's one great success, there are so many pop-science books in print that if they were read more widely the problems of public understanding, which preoccupy scientists and science ministers alike, would quickly be over.

Here are the first three of a new Anglo-American series, styled *Science Masters*, plainly intended to be read by non-habitues. Three Big Questions are tackled in short, readable books by authors who have all answered them before. Twenty odd more titles are promised by the turn of the millennium.

So how do the first three fare? Take Barrow and Davies first. Both do a neat job in the small space prescribed - the putative reader obviously has a short attention span. John Barrow has a slightly easier time, as he is merely concerned with the beginning of everything, while Davies has to address the end but must consider the beginning as well to explain how we might get there. The big crunch may be implicit in the big bang.

As this implies, both books cover the range of ideas, occasionally well-attested, often speculative, frequently bizarre, of contemporary cosmology. Here be black holes, wormholes, baby universes, stardust and dark matter. These are all explained as clearly as they can be, in simple English, though some very basic physics is assumed. These stories are about science as intellectual entertainment, rather than scientific literacy. They will not do anything for your ability to cope with modern living but they will ensure that your eschatology is seriously up to date.

The most important property of the universe, of course, is that it harbours beings who can ponder where it came from. The origin of the local variety of such beings is Richard Leakey's concern, and his book is the most appealing of the three. A simpler story, with less way-out concepts, but a compelling one, well-told. Leakey is especially good on the fact that the evolution of the genus *Homo* is both a scientific study and an origin myth. He is well aware how images of the human past are coloured by prevailing cultural prejudices, and is clear about the necessary limitations of the historical sciences. No experiments here: the anthropologist is condemned to interpreting fragments of a long, complex story, imposing order

on scattered collections of preserved bones which constantly tantalise the scientist who wants to see the whole picture. Leakey is candid about holding a minority view on many key questions, like dating the origin of language - old and slow he reckons, while most of his colleagues think it was rapid and recent, perhaps as recently as 35,000 years ago. This commitment, to continuity with our forebears rather than a clean break, makes his arguments seem a little sharper than Barrow or Davies.

Against the trend of some recent popular science books, he is also honest about the fact that some of the big questions may remain forever mysterious. "How can we know what happened to our ancestors' level of consciousness during the past 2.5 million years?" he asks. "The harsh reality

THE ORIGIN OF THE UNIVERSE by John D. Barrow Weidenfeld & Nicolson £9.99, 150 pages

THE ORIGIN OF HUMANKIND by Richard Leakey Weidenfeld & Nicolson £9.99, 171 pages

THE LAST THREE MINUTES by Paul Davies Weidenfeld & Nicolson £9.99, 162 pages

anthropologists face is that these questions may be unanswerable".

Barrow also hints at similar limitations, suggesting that analogies for many physical theories seem to fall to hand too readily. He suspects that it is only when there is a theory which can be described in mathematical language, but which has no obvious meaning outside it, that we are getting close to physical reality. As he puts it, taking up the crux of Hawking's book, "One can read the sentence 'Time becomes another dimension of space', understand what all the words mean, but still not possess any real understanding of what is being conveyed".

Just so. This is another reason why Leakey's book has the edge on reader satisfaction, and why it may be wise to launch this series with two books about the outer reaches of physics. Then again, they might inspire readers who will go on to fashion new answers to the Big Questions.

Jon Turney

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Short Stories/Patrick Gale

Dying falls, abrupt endings

of lasting marriage, Shields' work here is shot through with honest awe.

Jane Gardam's fiction is made of darker stuff. *Going Into a Dark House* (Sinclair Stevenson, £14.99) is spiced with mortality. She specialises in abrupt endings where Shields favours the dying fall. Her evocations of place and mood are vivid, the loving detail she lavishes on land, language and food, intensely English. Here are tough tales of lost innocence and shattered hopes. Gardam writes particularly well about the ambivalence of mother love. Mothers look with disdain on the children they have produced, daughters regard their parents with cowed, rebellious glowers. There is humour too, most memorably in *Telegony*, an his-

torical novella of whale-boned passion in Edwardian Shipley, blissfully funny at first, then oddly moving.

Salman Rushdie is a word gourmet, piling epithet on epithet, clause on sickly descriptive clause. In the broader plane of a novel, this pays off richly; apparently gratuitous word eruptions and extra-narrative excursions make a vital contribution to a work's vigour. In miniature, however, the effect can prove clogging. Two tales here, *Yurick* and *At the Auction of the Ruby Slippers* (both almost to a halt under the weight of Rushdie's galumphing irony. At its best, however, *East, West* (Cape, £9.99) shows him on extraordinary form. His strongest spells are cast when he curbs his wildest gestures and dares to gauge

over his strong personality with the deceptively plain tale he is unfurling. The three unpredictable Eastern fables typify this restraint. Lovely, too, is *The Courtier*, a fond homage to Certainly Mary, a redoubtable family ayah. Uprooted and set adrift in Sixties Kensington, she finds backstairs romance and an unexpected aptitude for grand-master chess technique before choosing to return to her roots. While much of the piece's humour arises from the zany cross-cultural influences that are the collection's theme, Mary's maintenance of her dignity in the face of her westernised charges' mockery stands as a decorous reproof.

The stories in Carol Lake's *Switchboard Operators* (Bloomsbury, £12.99) are so

unified in characters and setting that this beguiling book can almost be read as a novel. Set amid the rarefied procedures, clattering machinery and sex war skirmishes of the Derby telephone exchange in 1949, the narratives are as meticulously researched as those in her first work, *Rosehill*, so that the book glows with documentary insights. Lake's narrator is Sylvie, a newcomer to the institution, following in her mother's footsteps. Less interested in Post Office regulatory procedure than in following boyfriends to man the Revolution's barricades, Sylvie is a deeply poignant figure. Less bright than she thinks she is, and given to drink, she is, one gradually perceives, barely a twin-set's reach from a psychiatric ward.

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ARTS

'Beauty' is mocked and betrayed

Clement Crisp is appalled at the crassly wrong-headed new production of this great ballet at Covent Garden

The *Sleeping Beauty* is the greatest of ballets. Its score is Tchaikovsky's masterpiece. Its choreography, responding to that score, is a summation of the ideals of the classic academic dance as it was brought to its zenith in Imperial St. Petersburg by Marius Petipa. It is a work of its time and place - essentially, I suppose, the final and most nostalgic statement about the art of a dying empire. It is the product of a francophile culture, yet it reflects both the grandeur and the humanity of scale of its ravishing native city, and even of the theatre that gave it birth, the Mariinsky, so perfect in its architectural ordering.

For ballet-goers, it enshrines every virtue that the word "classic" can mean to dancing. Petipa's choreography as it has come down to us proclaims the merits of formal order, harmony, of movement serenely shaped in space, occupying space with both liveliness and decorum. The action of the ballet as it was first given in 1890 - and we have clear evidence of its text - was superb in balance, as grandly spacious as the Imperial Palace, and ideal to which it was a homage. Its score was no less beautiful in shape, each scene, each act, most carefully considered as musical architecture.

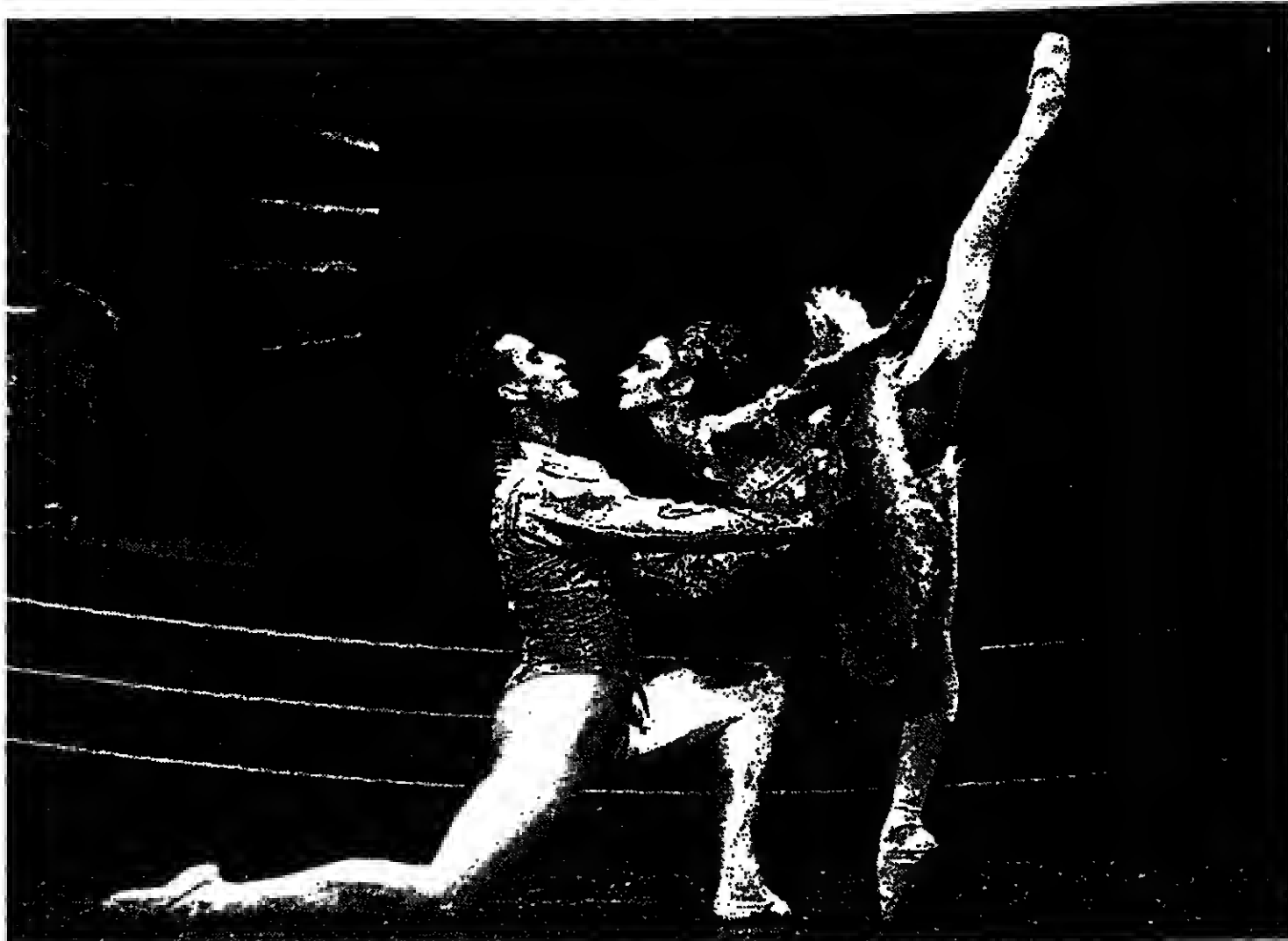
Nothing in *Beauty* is distorted, extrema, vulgar, unreasoned. Ultimately, it proposes attitudes of moral distinction - Virgil Thomson called them "twin privileges, freedom and responsibility" - which must guide classic creation and interpretation. The academic dance of Petipa insisted on this. The academic dance of our century, of Balanchine, Ashton, held it no less true, whatever developments in manner might supervene. *Beauty* must remain for performers, pro-

ducers, audiences, an example of clarity, formal dignity, rule of order. On Thursday night the Royal Ballet unveiled its new *Beauty* at Covent Garden, the production having been first seen in America during the summer. *Beauty* has a special place in the company's history. With extraordinary presence, Ninette de Valois gained a first staging in 1939 for her then immature company - it was just eight years old. The text was correct even if the forces (and the design) were not up to their task. By 1946, and the re-opening of Covent Garden after the war, de Valois could bring her company to glory and our grandest theatre, *Beauty*, splendidly designed by Oliver Messel, announced to the world - and to America in 1949 when the troupe made its New York debut - that Britain had a national ballet. The production honoured its text. It educated dancers in the greatest challenges of their art. It taught audiences to love classic ballet. Over succeeding years, other versions were presented, none so illuminatingly right as the 1946 version. That staging, with its *Bibiana* architecture and its sense of space, gave the dance and dramatic action room to breathe, to take proper and happiest shape.

The new staging we now see is by Anthony Dowell, in his time the purest of classicists as Prince Florimund, with design by Maria Bjornson, who has worked in opera, musicals, drama. Dowell has preserved much of the old choreography on the immediate terms of step and pattern. Miss Bjornson has decorated it in a manner so crassly wrong-headed, so vulgar, that we no longer see *The Sleeping Beauty*, but a cross between a Folies Bergère show and a pantomime. The ballet has been degraded, mocked, destroyed.

It is beyond understanding that Dowell should have countenanced design which is malignly determined to unbalance every harmony that shapes *Beauty*. Bjornson has contrived a permanent frame of vertiginous and skewed pillars which collapse towards a central oval, or lead to a dizzying perspective of an open gallery. Hectoring in visual terms, this disastrous scheme effectively pulls the eye away from the stage action. Costuming is fussy, garish, or winsomely pallid, fatuous in outline (the Queen comes on in the first act as Mistinguett), ill-judged in effect. Historical identity - Bjornson seems to have dipped into *A girl's first book of baroque motifs* with no great success - and fairy-tale magic are equally unhelpful in realisation. (Part of the fascination of *Beauty* lies in the mingling of the real - evoking the court of Louis XIV - with fairy magic, and the subliminal presence of the greater theme of beauty cursed to a winter sleep and then awakening to love and new life).

Nothing is visually right about the staging. Not one moment has the power or the grace implicit in score or choreography, because everything is betrayed by Miss Bjornson's tasteless caprices. (Let anyone think I am too severe, I would refer ballet-lovers to the video of the Kirov staging as performed by Irina Kolpakova: designs unemphatic but serenely right frame performances that breathe and flower in the stage space. Choreography, interpretation, style, have a common dignity and fascinating force.) At Covent Garden, the dance now battles against a vertiginous, maladroit setting, trapped in costuming either flimsy or clever-clever. Performances seem unsettled, unsteady, by this decorative mayhem. The prologue is dominated by a vast table whose only



Overshadowed by their surroundings: Viviana Durante and Zoltan Solymosi in Anthony Dowell's staging, designed by Maria Bjornson

justification is to allow Carabosse's creatures to scamper and riot on it, while a set of chairs shake, rattle and roll. That it encroaches upon the dancing space is an even greater flaw: the sublime patterns of the dance look cramped. The first act boasts a vast oval frame through which Aurora must gingerly enter - gone that colonnaded view of the young princess which has traditionally been one of ballet's most thrilling moments. The second act is a winter hunting scene having an air of austerity and acid, vehement colouring, with the court dances curtailed so that the

prince may have an unnecessary solo, for which Tchaikovsky sounds oddly souped-up. (And the prince's tutor is dressed as Smike). The last act - the apotheosis of everything *Beauty* means - looks like a pretentious hairdresser's establishment with too few clients: the court is distinctly sparse in numbers. Dowell's production has, and with good cause, a barred and browbeaten air. The Prologue's formal splendour - it should be like a *Le Notre* garden - is defeated by its design and by performances fidgety rather than radiant. (And I here register a protest at the interminable

clatter of thunder played over Tchaikovsky's score to announce Carabosse's arrival: it is symptomatic of the staging that it does not trust the music. That Carabosse was played by Dowell himself as a capricious drag-queen is another matter). Grace of means, that prerequisite of the academic dance, was rarely apparent in the first night performances. Viviana Durante made a pretty, delicate and capable Aurora, but - not surprisingly - her interpretation seemed over-shadowed by the surroundings and lacked nobility of scale. Her prince was Zoltan

Solymosi, whose provincial manner and brash technique I do not admire in this ballet. Tchaikovsky's score to announce Carabosse's arrival was strong but singularly charmless. There were brightnesses amid the furies of fabric and tinsel - the three jewel fairies of the last act seemed delightful - but casts are going to have a difficult time telling us about *The Sleeping Beauty* in this unreasoned, unreasoning caricature.

In repertory at Covent Garden, sponsored by Incepace and the Friends of Covent Garden.

In search of some simple common sense

William Packer reviews the work of the four contenders for the Turner Prize



'Testing a World View' (detail), 1993, by Antony Gormley

Hot on the heels of the inaugural Jerwood Prize, which set itself to work a field which the Turner has long left assiduously uncultivated - current British painting - the Turner Prize itself comes round again.

There was nothing wrong with the Jerwood that the simple application of some common sense could not have remedied, or should not get right next time. But that exactly has been the case with the Turner Prize these many years. Is common sense still so rare a commodity? With a representative display of the work of the four artists short-listed for this year's prize now on view at the Tate - the winner will be announced, and the spondu-licious, all £20,000 of them, disbursed at the party on November 22 - we have our annual chance to see for ourselves.

Has anything changed? The age-limit of 50 remains, which prevents the Turner from ever being an award of truly national standing and consequent international prestige. Yet something of that order was always intended and is still claimed. The test should surely rest on how artists stand with artists of any age. If a young artist then wins, the better for him.

As to the range this short-list covers, the now usual four is a narrow number, and the representation no less narrow and predictable within its avant-garde orthodoxy. There are two sculptors, one painter and one video-maker: *plus ça change*...

The painter is Peter Doig (35), and a landscape painter at that, but he is no pillar of the Royal Academy. His inclusion is not to be justified simply by what might be done sitting in a field and painting the trees.

Rather it must be set out in terms of "changing perceptions of reality", "tension between representative or narrative content... and purely visual, decorative and abstract qualities", "banal sources", "imagined triggers" or "fertile interplay".

The paintings themselves, innocuous enough, are conventionally large, their imagery freely reworked upon photographic sources into atmospheric and expressionist evocations of winter lakes and forests and, latterly, Coubertier blocks of flats.

Sculptors have dominated the Turner lists for many years, supplying the last six winners out of nine. Here are two more. Antony Gormley (44) shows his now familiar featureless figures, cast in grotesque and repetitive simplicity from his own body and disposed in bizarre postures about the room and ceiling. "My body",

he says, "is the channel through which all impressions of the world come, and I want to use it to carry feeling back into the world."

The exhibition booklet goes on to tell us, just a shade ponderously, that his work "meditates on the relationship between our spiritual and physical selves."

Shirazeh Houshiary (39) was born in Persia, and her work has always been "informed by Sufi poetry and ancient writings from East and West on... mathematics, philosophy, religion, art and astronomy." She has moved away in recent years from the organic reference of her earlier abstracted forms and vessels, and is now showing a work comprised of metal boxes, "The Enclosure of Sanctity", that variously represents the planets.

Each box has a structured and segmented interior, established upon "grids corresponding to numbers with which each planet is identified." Some are richly decorated, some are not. "Through studying these cubes," she says, "we can realise the multiplicity of the state of existence." She is also showing a group of minimalist canvases that are inscribed with delicately calligraphic images.

Which leaves the radical or conceptual slot to Willie Doherty (35), who works with photography and video and comes from Derry. His work here, "The Only Good One is a Dead One", consists of two videotapes, one a long static shot of a street corner at night, the other of an endless drive at night through country lanes with only the pool of light visible ahead. It is accompanied by a lyrical monologue, as though the driver were both

gunman and target reflecting upon the inevitability of violent death.

It is a polemical, narrative piece, born of close personal experience of the Troubles, and effective enough within its own terms. Yet is it the form or only the content that gives such work its force? "In all his work," says the booklet, "he attempts with moving clarity and honesty to convey the complexities of the situation."

These, then, are the runners in what is more open and equal a race than usual. Gormley must be the clear favourite, Doig in with a good chance and Doherty and Miss Houshiary the outsiders, with Doherty the better each-way bet. For my money? Well, it stays in my pocket.

The Turner Prize Shortlist 1994: Tate Gallery, Millbank SW1, until December 4; sponsored by Channel 4.

A lifetime in opera

Andrew Clark talks to outspoken Czech conductor Bohumil Gregor

It is a matter of national pride: Bohumil Gregor, doyen of Czech opera conductors, finds fault with Eliáš Moshinsky's staging of *The Bartered Bride*, which he is to conduct in Geneva over the next two weeks. "Maybe I'm too old," says Gregor, 68, who first conducted Smetana's opera in Prague in the late 1940s, "but Mr Moshinsky doesn't understand Smetana. Stage directors today don't seem to care what the composer is saying. The works are being misused. Smetana knew more about drama than Mr Moshinsky will ever know."

Fortunately, Moshinsky is not present to hear Gregor's criticism. The production

first performed by English National Opera in the mid-1980s - has been restaged for Geneva by ENO staff producer David Ritch, who has made discreet changes to suit Gregor's taste. Gregor signed his contract without knowing that the setting had been updated. He says Moshinsky took extreme liberties with the text, and that the costumes are more Russian than Czech.

With that thunderblast out of the way, Gregor settles down to reflect on a lifetime in opera. He began his career in 1945 playing double bass in the orchestra of the Grand Theatre of the Fifth of May, the avant-garde Prague company which launched the careers of

numerous Czech artists in the postwar era. Gregor made his conducting debut in 1947 with *Madama Butterfly*, and quickly picked up a core repertoire of Italian, French and Czech operas.

He was surrounded by singers and conductors who were the living embodiment of Czech operatic tradition. Many had been engaged by leading contemporaries of Janáček, and were able to pass on unique insights. "There was no formal instruction, but you could learn a lot if you had the ears - just sitting in the canteen while they discussed how they had sung this or that. The tradition was alive in the building - for me it was like mother's milk."

After gaining further experience in Brno and Ostrava, Gregor returned to Prague in 1962 with a reputation as a Janáček specialist. He conducted *From the House of the Dead* during the National Theatre's groundbreaking trip to the Edinburgh Festival in 1964. Guest contracts in Stockholm, Hamburg and San Francisco quickly followed. He also began a 30-year association with the Netherlands Opera. His pioneering Janáček recordings on Supraphon date from this period. British musicians on the continent who have worked with Gregor draw comparisons between his approach to Janáček and Reginald Goodall's to Wagner: they speak of the same undertow of feeling, developed through long study,

patient coaching of singers and a stubborn insistence on proper rehearsal conditions. But Gregor says instinct has always played the most important part.

"If you just have the score, you're lost. In performance it's not about quite as written, because Janáček does not make clear the differences in tempo. He'll use one general marking for fast or slow, leaving you to work out the tempo relationships and make certain decisions for yourself. You have to use your knowledge of his style to work out how it should sound. He used this nonsense word *sonorita* (sonority) - you won't find it in the dictionary. But if you break the word up, it has something to do with 'the connection of two times' - it's quite clear he was talking about tempo. It's part of the oddity of Janáček."

Gregor says there is no fundamental difference in the way he conducts Janáček, Smetana or Dvořák. "They all drew on the same material - the melody of language. Words provided the inspiration for music. Janáček was the first to articulate it, but Smetana used it without realising. Listen to Kecal singing about money in *The Bartered Bride*, or the way Dvořák puts the stress on certain words in *The Devil and Kate*: it's exactly how you would speak it. You also find the roots of Martinů's poly-rhythmic style in Smetana's dances. That kind of rhythmic subtlety is in our national



Gregor conducting ENO's production of *The Bartered Bride* in Geneva

musical character." Out of favour at home, Gregor and his wife Blanka spent most of the 1970s and 1980s abroad. Only after the 1989 Velvet Revolution did he discover that the National Theatre's former Communist boss, Přemysl Kočí, had saved him from denunciation. "He wrote in my official file that I was to be left alone because I was unbalanced and a little crazy - it was like something out of Kafka! He could be a very unpleasant man, but in his heart he loved the theatre and tried to help the people who worked there."

Over the past five years Gregor has done what he can to shore up the National Theatre's artistic credibility. He

laments the lack of money and managerial skills, and says that by playing works like *Yevgeny Onegin* and *Roméo et Juliette* in the original language, the company is losing its traditional Czech audience. He has agreed to conduct new productions of Janáček's *The Cunning Little Vixen* and Smetana's *The Two Widows* - on condition that they are a true collaboration between conductor and stage director. "I will make the choice, if I'm not satisfied, I won't say you have to change it. I simply won't conduct."

The Bartered Bride is performed at the Grand Théâtre, Geneva, on November 7, 10, 12, 15, 18 and 21.

Buster Keaton jazzed up

Bill Frisell's guitar playing has always been out of kilter with the mainstream, so it seems quite natural that now he should be applying it to silent film. Commissioned by a New York arts centre to write new scores for a set of Buster Keaton silent films, the elliptical tunes which resulted met with such approval from US audiences that he did more, and then recorded some too. In this European tour he brings his regular band of Joey Baron (drums) and Kermit Driscoll (bass) to accompany three of the best, the short classics *Go West*, *The High Sign* and *One Week*.

To play alongside great American film is a natural progression for 42-year-old Frisell. He has a passion for popular American music and recent recordings have covered works from such diverse sources as Madonna, Charles Ives, Sonny Rollins and de Souza. With musical anarchist John Zorn, he has collaborated in creating improvisation where Mickey Spillane's gangster yarns were the inspiration.

In Keaton's deadpan biliary, the American modernist has another ideal setting for his own cynical humour. The music, like Keaton's visual art, is fundamentally melancholic, but filled out with pratfalls and gags. The guitarist's playing combines a concentration on melody that reveals a background as a clarinetist

and a love of dissonance that comes from listening to Hendrix. Frisell's studied way with solos mirrors Keaton's *modus operandi* of "Think slow, act fast."

You might guess from this that the trio's music for films is anything but easy, and any preconceptions based on the traditional ragtime, idiosyncratic treatment of silent films were quickly dispensed at the Queen Elizabeth Hall on Wednesday. Frisell comes equipped with two electric guitars, one looking as though it has been in a car smash, the other shrunk in the wash. There are no fierce guitar licks where you might expect Frisell to join the car chase, and there are no wah-wah sounds when Keaton sees-saws on the ladder. Instead, using the volume pedal to gently turn notes on and off, Frisell quietly captures the sadness and romanticism of the scenes as they roll by. The rhythm section orientates the score, Baron providing some essential rat-tat-tat and Driscoll moving the wheels along but Frisell's self-contained sound is forever following *The Great Stone Face's* body language.

Hard to take on its own, the coupling is what multi-media was made for.

Garry Booth

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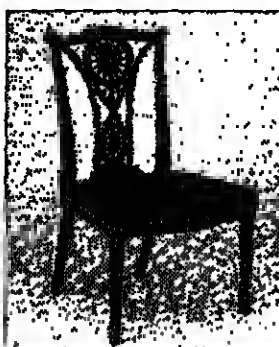
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CHRISTIE'S

COLLECTING

Connoisseurs come in from the cold

Speculators have disappeared from the auction rooms as collectors return, writes Antony Thorncroft

The art and antiques trade continues to bump along in a repressed rather than a depressed state. There is little action, but prices are certainly not slipping down lower. The biggest quality fair of the year, Olympia in June, did well, with a record attendance of over 37,500 and estimated sales in excess of £21m. Dealers, major buyers at Olympia, are obviously now optimistic enough to indulge, at last, in some re-stocking.

The first important event of the autumn season, the 20th Century British Art Fair, was the most successful for four years, with over 1,000 works sold, and there have been some strong auctions, most notably the country house sales, where as usual buyers went berserk trying to secure a memento of the Big House, however banal. Stokesay Court in Shropshire, promoted as a Victorian time capsule, brought in £4.2m as against Sotheby's £2.5m estimate.

Routine sales in London in traditional areas, such as Old Masters, have proved disappointing, but specialist auctions, such as Judge Bayne-Powell's collection of miniatures, enjoyed strong collector bidding, with a 1645 miniature by Samuel Cooper selling for £80,500 as against a £25,000 top estimate.

It was a keen collector who paid the record price for a Dinky toy at Christie's South Kensington, £12,500 for a 1930s delivery van bearing the name of Bentall's. This is typical: speculators have completely disappeared and traditional connoisseurs are sniffing the air again.

German art, especially the 20th century Expressionists, has ridden the recession better than most. Christie's second annual auction in London in this area brought in £7.7m and set artist records for Kirchner, Corinth, Liebermann, and Jawlensky. But almost 30 per



One of Modigliani's last portraits of his mistress, Jeanne Hébuterne, which will be auctioned by Sotheby's in New York on November 8

cent of the lots were unsold, underlining the selectivity of buyers. This weekend the pace picks up with the Kensington Antiques Fair, one of the best

established seasonal events, the draw at Kensington Town Hall while, for the first time, the foyer of the Royal Festival Hall on South Bank acts as home to the Contemporary Art

Society Market. Every year anyone seriously interested in contemporary art makes a point of visiting this show where well-known artists (this year's crop includes Bridget Riley, Maggi Hambling, Damien Hurst, Rachel Whiteread, and more) offer works priced between £100 and £2,000, with the CAS taking 30 per cent of the proceeds to spend on buying art for galleries. On the first morning 150 items sold for £80,000, but the work on the walls is constantly replaced.

Later this month, from November 16-22, the autumn Olympia starts. This fair has quickly established itself as a popular event, with around 230 dealers, many from the regions, taking space. Most exhibitors are offering a range of antiques priced between £50 and £5,000, directed towards Christmas shoppers.

The art market is acting as a faithful reflector of the economy - people are becoming more prosperous, but are reluctant to spend. Earlier this year, furniture sales benefited from the bonuses paid by certain City finance houses, with young executives spending some of their windfalls on choice Georgian and 19th century items, but 1994 has not been so prosperous in the City. Until the house market improves substantially, the demand for general decorative antiques will remain weak.

But at least the message is getting across that antiques make excellent furnishings, of better craftsmanship than modern examples and likely to hold, if not increase, in value. Sotheby's, which at one time was preparing to stop selling low-priced items, is doing very well with its Colonnade auctions, where few lots sell for more than £2,000. It brings new young buyers into the auction rooms, the private buyers who have underpinned the market in recent years.

Bonham's and Christie's, South Kensington, which specialise in this area, showed the

greatest expansion last season, and Phillips, the largest player in this field with its network of regional auction rooms, also returned to growth, with its busiest autumn in prospect for four years.

The problems at Lloyd's have made surprisingly little impact: there have been fewer forced sales than anticipated, but those Lloyd's Names who annually invested their bonuses in a painting or a Sheraton desk are notably absent. Cork Street, home to many of London's leading dealers in modern and contemporary art, was a traditional hunting ground for the culturally inclined Names, and they have been much missed there.

But Cork Street has risen to the occasion by marketing itself more energetically, and on November 26 and 27 there is the third annual Open Weekend, with 19 galleries, from the mighty Waddingtons to the Atrium Bookshop, open for business all day Saturday and Sunday, putting on a happy, welcoming face.

One lesson the art and antiques trade has absorbed is that collectors are not prepared to spend lavishly at the moment. Leading dealers are concentrating on decorative works by popular artists, priced very competitively. Old Bond Street dealer Frost & Reed is preparing for pre-Christmas buying with a December show offering a selection of works of art all priced below £5,000.

Across the road, Agnew's has works by Whistler and Roussel, but prints rather than paintings. The biggest London dealer, Richard Green, is currently offering the ever popular Edward Seago while Colnaghi's has temporarily abandoned Old Masters in favour of watercolours by Welf Delius.

Another established name, Hazlitt, Gooden & Fox is showing contemporary portrait painters, including John Ward and John Sergeant, with an average price of around £5,000.

Roy Miles has the leading contemporary Russian artist, Sergei Chepik, who works in a traditional format, while Marlborough Graphics is offering new etchings on the theme of nursery rhymes by Paula Rego.

Anyone wanting to see the cutting edge of contemporary art can visit the Tate, where the short-listed artists for the Turner Prize are currently on show, but in the main this is a time of retrenchment, of massaging back to life nervous traditional buyers while hoping that enough of the new rich, who are surely out there, will catch the collecting bug.

The art world has experienced so many false dawns of a market revival that it has almost given up hope of a substantial upturn. It might have to settle for a slowly appreciating trade, built on connoisseurs rather than speculators, and less inclined to be seduced by a trend. It makes for a less profitable business but a more firmly based one.

Modern art convalesces

The market for major works of Impressionist and modern art is currently experiencing a long convalescence. In 1989 and 1990 it vigorously over-exerted itself, culminating in May 1990 with a rush of blood to the head which produced a record total for any art auction, \$286m at Sotheby's, and a record price for any work of art, \$82.5m at Christie's - for Van Gogh's portrait of his physician, Dr Gachet.

Within six months, demand, in particular Japanese demand

which had fuelled the excesses, had disappeared, and the market has been in severe shock ever since. A year ago there were signs of revived spirits when a Matisse sold for \$13.75m, and in anticipation of a recovery in May in New York, the auction houses gently raised their reserves and expectations. In the event the results were disappointing: it was like a patient over-estimating his strength. Next week's auctions in New York are more modest affairs, with sales at Sotheby's and Christie's combined unlikely to reach \$85m.

Still, as always, the auction houses look on the bright side. The hundreds of \$1m-plus paintings locked away in the vaults of Japanese companies are not being off-loaded on to the market to cause a second collapse in prices: their owners are reluctant to sell them cheaply and thus weaken their overall asset values. And the serious collectors of Impressionist and modern art are still interested.

But in this return to a non-speculative, connoisseur market, buyers are very selective: they are prepared to wait for the finest examples of an artist's work at the best price. Anything second rate or less than fresh is spurned. Unlike Christie's, Sotheby's sold most of its lots in New York in May but 40 per cent went for below the low estimate.

So what of next week. The auctions are small - just 47 lots at Sotheby's, 59 at Christie's - and fairly modest. Prices generally are back to 1987 levels: vendors have finally accepted that they cannot expect 1989 prices. This

means that few are anxious to sell: one of the main problems is an absence of star items to kick-start confidence.

Every picture has its own price at the moment it is sold, but for comparison's sake, a decorative small Picasso of a Harlequin and a monkey sold for \$2.4m in 1988 but is now estimated by Sotheby's at \$800,000-\$1m. But one of the most important paintings in the auction, Miró's "Femme de la nuit" estimated at up to \$4.5m, sold for \$2.5m in 1988. Miró is an artist whose reputation has risen in the past decade.

Salerooms look on the bright side

The most appealing painting at Sotheby's, and the most expensive, is one of Modigliani's last portraits of his mistress Jeanne Hébuterne. She already looks pregnant, as she was when she committed suicide a few days after the artist's own death. It carries a \$5m plus estimate but this is one of the best full-length Modigliani's to have appeared in recent years.

The highlight at Christie's is a Monet, "Waterlilies". He painted the pond in his retirement home at Giverny hundreds of times but this is a rare circular format, one of only four, and Christie's hopes for between \$4m-\$6m, a modest estimate considering the fast, conventionally shaped, example made \$12m in 1991. The painting was acquired in 1946 by Miss Alice Tully, one

of Manhattan's leading art patrons, from the French playwright Sacha Guitry, who bought it from Monet in 1914. Thus its provenance is excellent.

Christie's will be very anxious over this lot for it guarantees Tully's heirs around \$25m to secure the fixtures and fittings of her New York apartment. In a reversal of approach, Sotheby's is now reluctant to undertake financial risks in acquiring desirable properties for sale while Christie's is still prepared to take a gamble. If the Monet does not sell, Christie's is stuck with it. Fortunately Tully's furniture sold well last week so it can afford to take slightly less for this, her most important picture.

This week the auction room's sold major contemporary art in New York. This usually gives an indicator to the Impressionist sales but the signals were mixed, with Christie's having much the better evening. It brought in \$14.56m (£8.5m) with 96 per cent of the pictures selling by value and 88 per cent by lot, an almost unprecedented success. Andy Warhol's silk screen portrait "Shot Red Marilyn", so called because a would-be assassin shot the picture rather than the artist, made \$3.6m (£2.2m), above target and as far off the \$4.07m it fetched in 1989 at the market peak.

In contrast, Sotheby's sold its top lot, Roy Lichtenstein's "Pop" art icon, "I...I'm Sorry", for \$2.47m (£1.5m), but 40 per cent of the 66 lots on offer were unsold.

A.T.

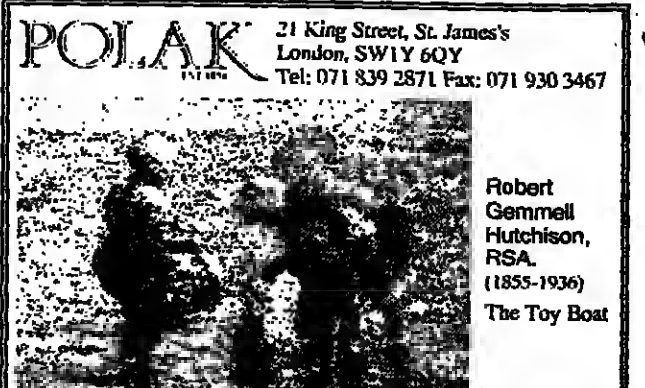


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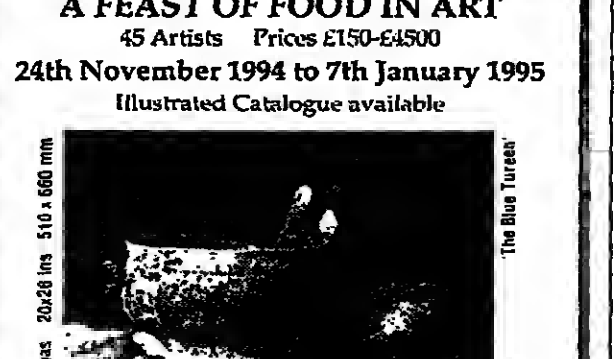
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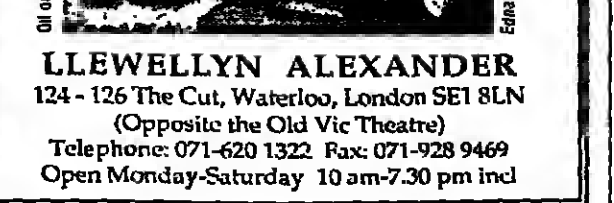
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PROPERTY / OUTDOORS

The chancellor holds the key

Simon London on whether the Budget could affect the prospects for the housing market

Anxious estate agents are among those awaiting with trepidation for the Budget to be announced at the end of this month by Kenneth Clarke, the chancellor of the exchequer.

Contrary to expectations, the housing market's bright start to the year did not last through the summer, and the National Association of Estate Agents found recently that two-thirds of its members had seen the market deteriorate through the autumn.

Yet, most economists agree that any further tinkering with mortgage interest tax relief is unlikely to have much impact. The phased reduction of relief to a rate of 15 per cent, announced in the March 1993 Budget, should already be factored into house prices. The greatest erosion of this tax break came late in the 1980s when the threshold was frozen - yet, the housing market continued to over-heat.

Optimists point out that the wider picture is favourable. Rarely have house prices been lower relative to average earnings: the average home now sells for 3.5 times earnings, having touched five times at the peak of the market in 1989.

The lesson of previous economic cycles is that house prices normally lag behind disposable incomes through recession but catch up quickly as recovery takes hold. So long as the chancellor keeps the economy on track, the argument runs, house prices should rise in line with earnings.

Against this seemingly compelling argument, other factors are at work:

■ Changing demographics mean that the number of people in their 20s will fall from 8.8m now to around 7.5m in 1999. This means fewer potential first-time buyers.

■ The average UK household is still carrying debts equivalent to more than a full year's income. This limits the potential for house-buyers to stake up the market by taking out larger mortgages.

■ Banks and building societies, which tightened their lending criteria through recession, are still cautious.

Moreover, housing market forecasters disagree about how favourable the economic outlook really is. Stockbroker UBS believes economic

growth will peak at 3.7 per cent in 1995 before falling back gently to 1.6 per cent in 1998. This leads it to expect average inflation of 6.5 per cent over the period and annual average earnings' growth of 8.4 per cent. Against this background, the UBS forecast that house prices will rise by 48 per cent over the next five years - or 8 per cent a year - seems reasonable.

Yet, others are much more cautious about growth and inflation. The Halifax building society expects inflation to average around 3 per cent to the end of the decade and house prices to rise by perhaps 5 per cent annually. Both UBS and Halifax see house prices broadly

tracking average earnings, which tend to run at 1-2 percentage points higher than the rate of retail price inflation.

The forecasters themselves would admit that these numbers are of little help to people looking for property in a particular region or price bracket. In reality, the housing market is made up of many local markets which perform according to local economic conditions.

The top end of the market, for instance, is only a very small proportion of the whole - less than 1 per cent of the UK's housing stock is valued at over £300,000. But prices in this sector have

shown a sharp recovery already, even though the wider market is in the doldrums. According to agent Savills, prime London properties have risen by 28 per cent since the market trough in December 1992, with around 20 per cent growth this year.

The high bonuses earned by City professionals over the past year have helped this recovery. Agents also report renewed interest among overseas buyers of prime London property, although the role played by Russian mafia money has been greatly exaggerated.

Even away from London, where foreign buyers and City bonuses are less important, prices in the top

tier have shown a marked recovery. Savills estimates that country house prices have risen by 11 per cent in the past two years, far outpacing the wider market.

The main reason for the rapid rise at the top end is shortage of supply. As one agent remarked this week, the supply of 18th century country houses was, by definition, "inelastic". Small changes in demand have a big impact on prices.

If the outlook for the economy remains good, there is every chance that prime residential property will continue to outperform the wider market.

The main risk is probably political: heavier taxation of high earners cannot be ruled out if there is a change of government after the next general election.

Meanwhile, estate agents everywhere are hoping that Clarke has no such surprises in store on November 28.

Sunny Cyprus, where the good life abounds

Gerald Cadogan finds plenty to attract house and flat buyers

The choice is straightforward if you plan to buy a holiday or retirement home in Cyprus: either a traditional village house, where you balance the good points of an older property against the possible drawbacks of life in a small community, or a house or apartment in an efficient new development.

Old houses are dearer and harder to find than a few years ago but still attract do-it-yourself enthusiasts who are happy to spend years improving the property - usually with help from local builders who speak English and have probably worked in Britain.

The developments, with their swimming pools and newly-planted trees, are plentiful and good value starting at around £27,000. (A Cypriot pound is worth about £1.33 sterling).

People from the UK - including many British Cypriots - make up the majority of foreign house-buyers. They find many familiar things. Social systems and laws, even electric plugs, are much the same. Motorists drive on the left, and the retired are entitled to buy a car duty-free.

Everybody speaks English and has a relative in the UK - usually north London - and much business is done in that language rather than

Greek. Thanks to a generous double taxation treaty, retired Britons can receive their pensions free of any UK withholding tax and will pay Cypriot income tax at only 3 to 5 per cent, a tenth of the local rate, with the first £22,000 exempt.

Buying is surprisingly easy. Foreigners can purchase a flat or house with up to two donums (2,675 sq metres) of land or a building plot not exceeding that size. The island's Council of Ministers must give permission, but normally this is a formality so long as you show an annual income of £8,000.

You must pay with funds brought into the country. If you decide to sell up and leave, you can take the purchase price with you (plus any gain at a rate of £10,000 a year).

You are liable to pay capital gains tax on any indexed profit above £10,000. The long-established land registry guarantees title.

The land registry's transfer fee (5 to 8 per cent of the declared value) is unavoidable, as is 15 per cent stamp duty. Annual property taxes and dustbin collection charges are low, however.

Possible water cuts to homes in the summer (which tourists in hotels do not experience) are the only snag for buyers. Always inquire about the supply.

Paphos, in the south-west of the island, is good for new develop-

ments and also has the advantage of its own airport. (The main one is at Larnaca, in the south-east.) The beaches are sandy, the climate sunny and warm, and the Roman mosaics stunning.

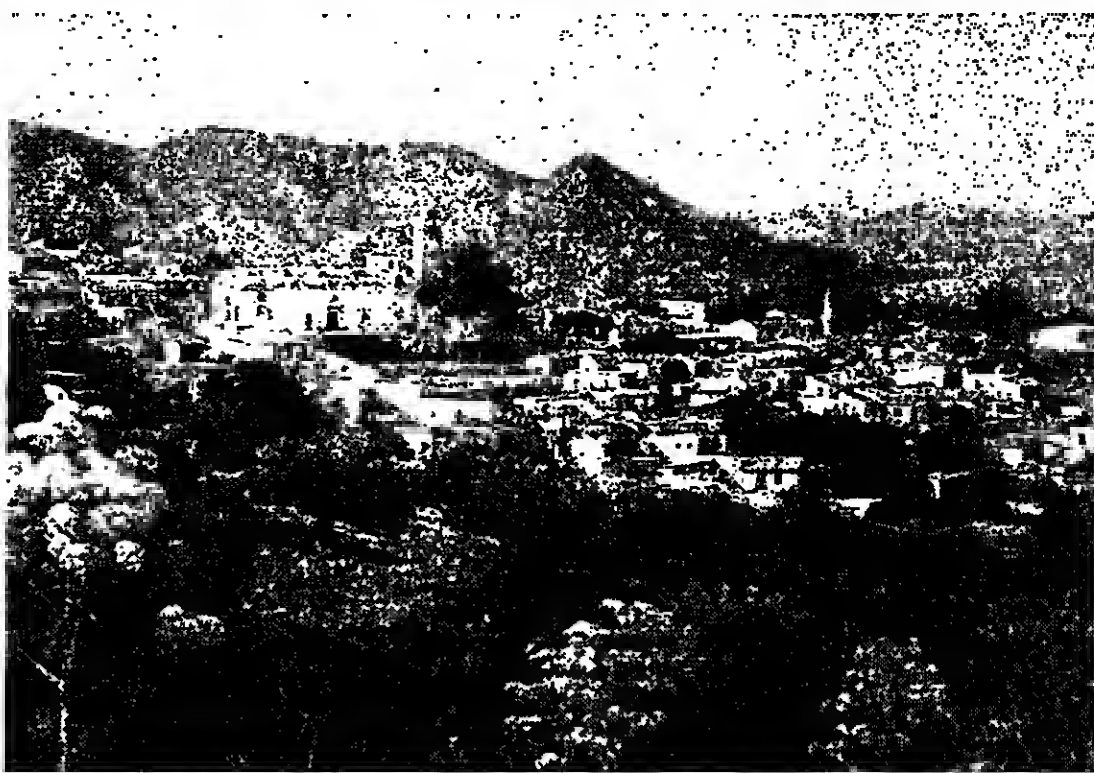
The Nicosia-Limassol motorway is advancing to Paphos. When it is finished in two or three years, making it easy for Nicosia people to commute every weekend, property prices are bound to rise, so now is a good time to buy. Many have. "There must be 5,000 Brits around Paphos," says Michael Cartwright of Leptos Estates, a Paphos-based developer which has built 6,000 units already.

Leptos bought 250 acres of hillside and planted them with trees to make Kamare Village, where a two-bedroom detached villa may cost £56,000. If you do it from scratch, plots start at £25,000 and building from around £46,000.

Owners have a clubhouse and pool. High and facing west, Kamare is ideal for watching sunsets and is cooler than down by the harbour.

Among other Paphos developments by Leptos is Tremythia Gardens. It is being built around a clump of *tremythia* (pistachio) trees, which are a protected species. Flat prices start at £27,000.

Another developer of repute is Cybarco, part of the Lanitis group of companies, which has projects



The Cypriot landscape is far different from the UK but Britons who move there will find much that is familiar

from Larnaca to Paphos. They include Asomatos Villas (plots from £17,200 and villa construction from £38,000) in the orange plantations between Limassol and the British military base at Episkopi (army) and Akrotiri (RAF).

The smell is heavenly when the trees are in flower. In winter, flamingos visit the Akrotiri salt lake.

Along the road to Paphos, the views from Cybarco's Pissouri Villas (£46,700 to £63,900), on the hill above Pissouri village, encompass rich vine country, the sea and the

Troodos massif where Cypriots escape to be cool, eat trout and look at painted Byzantine churches.

In a traditional house, the basic unit is a long hall of stone or stone and mud-brick. Roughly-shaped ceiling beams support a packing of clay and reeds or straw. If there is an upper storey, it has a stone floor and a high ceiling for coolness. The stairs are outside. Often, several of these buildings, of different heights, are set around a courtyard.

If you can find one, a restored house can cost from £60,000 to

£80,000, says Paphos agent Renos Pitros. Unrestored, they are cheaper, especially if inland. A £35,000 shell 20 miles from Paphos could cost £25,000 near the town, with restoration costs of £20,000 to £30,000.

Further information: in Paphos - Cybarco (236 337), Leptos Estates (233 775) and Renos Pitros (235 344). In London - Cybarco (071-436 3881) and Leptos (081-340 8096).

The FT is organising a Special Invitation visit to Cyprus in April-May 1995. See page XIII.

Plotter's house for sale

How appropriate that the house where the gunpowder plot was organised should be on the market today, 389 years after Guy Fawkes tried to blow up King James I.

The house is at Ashby St Ledgers to Northamptonshire, and belonged to the Catesby family. Robert Catesby, a stout Roman Catholic, held the planning meeting in the gatehouse, tradition says. When the plot failed, Catesby and the other conspirators rushed the 80 miles from London to Ashby St Ledgers.

Much of the present house is the work of Sir Edwin Lutyens, albeit working in a 17th century mode; but Catesby's house survives with fine 17th century panelling, as does the half-timbered gatehouse.

Lutyens also designed the gardens which include a canal garden, statue garden, temple and an early 20th century version of a packhorse bridge.

This imposing house with 32 acres has 10 bedrooms and numerous outbuildings. The price from Lane Fox (01295-273592) is £2m.

Gerald Cadogan

Gardening

Trees that make winter bearable

Ignore the part-timers, says Robin Lane Fox

The tree season is ending in most people's gardens but not in mine, where my favourites are at their best. They suit small or large gardens, they grow anywhere and, apart from owner apathy or a rare attack of honey fungus, nothing seems to bother them. And my top three have long seasons - they are not limited to a fortnight's flower or only five months' leaf.

Those choosing trees need to know that they can be miserable part-timers. Yes, mulberries are romantic, ash trees have been turning a seductive shade of yellow and robins are excited because they flower. As a garden's main trees, however, I disqualify all of them. They are so late into leaf that they miss the main thrust of spring entirely. I do not want to look on the bare branches of a mulberry as the garden's main focus in mid-May.

In smaller gardens, I would much rather look out on to sorbus Vilmosini. Never believe that sorbus are nothing more than mountain ashes which can be seen in any old garden. Vilmosini has leaves which are cut prettily and, in spring, open punctually to a fine greyish-green, while the main stem stands up straight.

It belongs in a front garden, beside a small lawn, or on the edge of an urban boundary. You can plant round and under it and you know it will not grow much more than 10-12ft with a modest, open spread of branches. It flowers late in May without being special but, just now, it is ending six weeks of distinction. In autumn, Vilmosini turns a bright reddish-purple and covers itself with clusters of pink-white berries.

In a bigger garden, I would have to have the robust sorbus hupensis, too, for its bigger, greyer leaves and taller shape. Vilmosini, however, seems to be a better friend: its one

fault this year is that young trees have dropped so heavily that their upper stems have bent over and snapped. While Vilmosini's shape is upright and lightly branched, my second favourite bends over and develops a rounded head. The malus family contains dozens of good garden trees besides cultivated apples but, to my eye, malus Red Sentinel is simply the best in a modest space.



Like all the family, it flowers freely to spring and fruits heavily in autumn. The flowers, however, are not too harshly white, a falling which afflicts several recent forms (including Everest, which I have just banished from the main garden).

With time, other excellent maluses, especially the prolific Florabunda, become upright and rather untidy. In its early years, Red Sentinel will seem to droop, as if hit by a strong wind. Be patient, because it will broaden out into a loosely-rounded head on a standard stem.

It has pretty leaves which do not become drab as summer advances and it has particularly pretty scarlet fruits. So do some of the others, but Red Sentinel is the one which will last in fruit from October right on into March, trebling the interest in these difficult months.

By the end, the fruits are slightly battered, but I would much rather see them than not. It is an excellent grower and, if you allow enough

width for its head, it would look charming anywhere. My companion for it is taller but is about to enter its unsurpassed season of duty. Last year, the winter cherries were amazingly beautiful in a winter that never really brought a sharp frost to turn them brown. This year, the omens look promising and, in three weeks, prunus subhirtella autumnalis will be at its best.

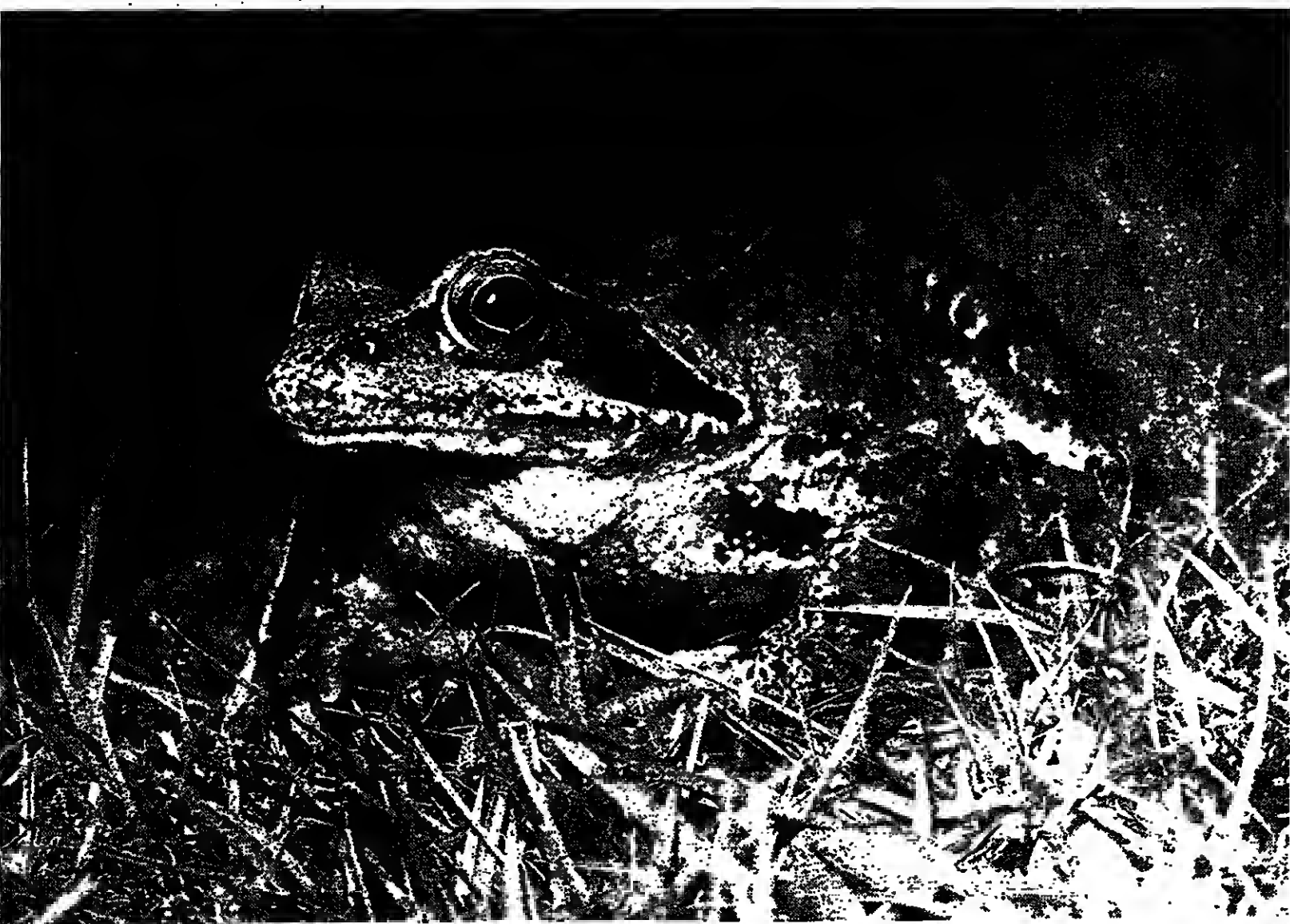
In older age, the trees can become quite wide and tall: but you can always prune them lightly and encourage them upwards, not outwards, if you are worried they will overshadow too much of their surrounds. I would not be deterred by lack of space from trying them at the edge of a front yard which could stand a height up to 26ft after 12 years or so. Clipping can take care of the sideways shading.

This wonderful tree remains my first choice and should not be excluded because of its possible span when older. It is controllable. And nothing else will give you such clouds of white flower waiting to be picked and brought indoors (where they will last quite well), to be replaced by yet more buds in intervals between the winter frosts.

There are other winter cherries, but only this variety has the ability to send out yet more buds beyond the first flowers when they happen to be caught in cold weather. Anyone can grow it as a bush, rather than a tree, if the dimensions bother you.

There is, however, one important bit of knowledge. This winter cherry also has a pink form but, for some reason, it does not flower so promptly in the winter and often refuses to open until early March. By then, it is only one among many.

So, be sure to insist on the white-flowered form so that you do not lose the five-month season of flower which puts this tree above any easily-grown rival.



The common frog: some areas of Britain have lost more than three-quarters of their farm ponds in the past half century

Frogs at home in urban ponds

Michael J. Woods on a country dweller forced to change its habits

The advent of the zinc drinking trough fed by clean piped water, spelt the end of field ponds on most farms. Some were simply neglected and allowed to silt up, others were deliberately filled, adding field area to the farm and allowing the removal of trees, which shaded crops.

Other ponds were allowed to fill with pollutants, such as silage effluent. The outcome has been bad news for frogs along with other freshwater species. Some areas of Britain have lost more than three-quarters of their farm ponds in the past half century and

there is now a dearth of frogs in the countryside.

But where the country frog has lost, the town frog has gained, for the popularity of garden ponds and the relative safety of gardens for amphibians has ensured that the frog population has boomed in urban areas.

Many breeding adults successfully survive from year to year and, come the spring, join their own progeny to lay spawn among the water lilies beneath the spray of fountains and the stony gaze of fishing gnomes. In some ponds there are fish to feed on the hatchlings, in others great diving

beetles, newts and even the larvae of dragonflies that have made their home there and relish the spring harvest of tadpoles.

But ponds harbouring few predators, in areas where there is little to eat the adults, have seen a population explosion of spawn which can be of such magnitude that the pond almost becomes a single quivering mass of jelly.

Meanwhile those with new ponds are generally keen to see frogs move in and many County Wildlife Trusts now run a scheme encouraging those with too much spawn and those with little or none

to get in touch with each other.

Frogs can live to be eight or nine but may take three years to reach sexual maturity so that new ponds may need the introduction of spawn for up to three years before frogs readily find and return to them.

At the same time, ponds must be cared for in order to prevent an accumulation of dead leaves and to keep the water sufficiently oxygenated to support tadpoles. Eventually, of course, the new owner has a seasoned, well-used pond and may then become a donor of spawn.

Unfortunately, now that frogs are comparatively common in gardens, their loss from the countryside is tending to go unnoticed.

But the loss of any pond is of concern to conservation organisations and to the National Rivers Authority, which is keen on conserving ponds and the wildlife which lives in them.

Ironically, desperate frogs, unable to find anywhere more suitable, sometimes leave their spawn, unfertilised, in the new drinking troughs. But at least this would be good news for the goldfish living in one trough I know.

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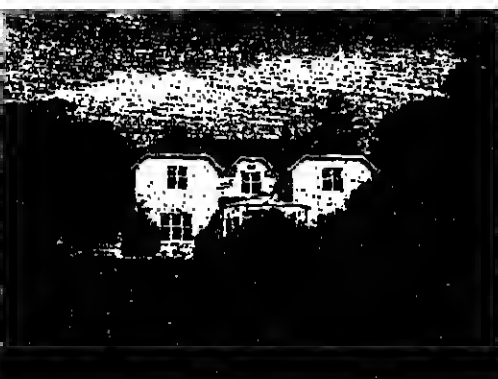
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HOW TO SPEND IT

Smaller numbers on your telephone bill

Peter Knight looks at the large and complex variety of saving schemes

Hurrah for the free market. Some of the political promises made at the time BT was privatised are finally coming true - competition in the domestic telephone market really is driving down the cost of talking.

Business has already benefited but now householders can cut their phone bills quite substantially by using alternative telephone companies or subscribing to the discount schemes offered by BT.

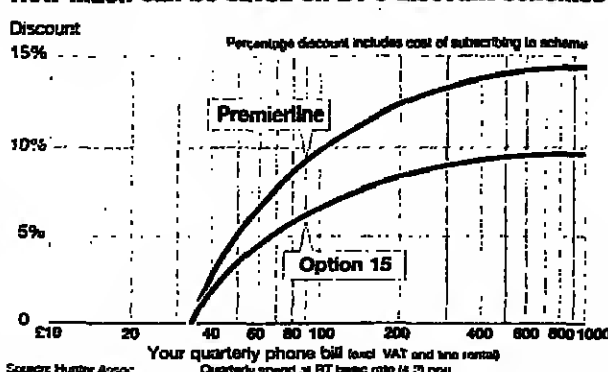
Mercury, the well-established UK telephone company owned by Cable & Wireless, Energis, owned by the National Grid, and the cable television companies, offer telephone services to homes, usually with promises of cheaper long-distance calls and charging by time rather than unit.

This competition, as the privatisation theorists promised, has forced BT to improve its service, reduce the cost of long-distance calls and offer a range of discount options. You can even collect air miles on your telephone account.

But this does not mean that life is any easier. On the contrary, we have lost the glorious simplicity of the old GPO days when everyone was expected to rejoice at the privilege of owning a phone no matter what the quality and cost of the service. Now we have a range of savings options that, at first sight, seem complex enough to flummox Gary Kasparov.

Telephony has become a commodity business and the telephone companies compete primarily on cost. Some offer

How much can be saved on BT's discount schemes



better services, such as highly detailed bills, but for most of us the main reason for using another service would be because it is cheaper.

Unless you subscribe to cable television that also offers telephone services, you cannot escape BT altogether because BT provides the main infrastructure on which the other carriers piggyback. This means that as soon as you use an alternative carrier you will have two bills, one from BT and another from your chosen alternative. Take the cost and hassle of subscribing to two services into account when making cost comparisons.

Also remember that BT offers a range of discount options to suit all sorts of customers from the very low user to the terminally loquacious. These discounts are based on the volume of calls, so if you shift some of your calls to another carrier, then the rate of discount from BT will be smaller. More on this later.

Most people have very definite telephone needs and call-

ing habits. Here are some rule-of-thumb suggestions to reduce your bill, calculated to meet the needs of four different types of customer.

■ **Local calls only**
Stick with BT and investigate some of their discount schemes. The new carriers are competing mainly in the long-distance and international sectors. The only exception is if you have cable television and that company offers telephone services - then you could dispense with BT altogether, but compare charges first.

■ **If you spend less than £35 a quarter**, join BT's Light User Scheme, over that amount, then look at some of the other BT schemes.

■ **Local calls and long distance calls to one person**

If your bill is below £100 a quarter and local calls are the highest cost, then it is probably sensible to stay with BT and use its Family and Friends discount scheme (see below) if it is offered in your area. If the bill is mainly made up of

long-distance or international calls, then look at an alternative carrier.

■ **Bills of more than £100 a quarter with lots of long-distance calls**

If long-distance calls are contributing most of the cost, then you can save by using an alternative carrier, such as Mercury or Energis. Depending on the age of your local BT exchange, you could also benefit from better services (such as fully itemised bills) by using a carrier other than BT.

If you want to stay with BT, then look at the discount schemes that are aimed at you. But remember, if you use both BT and an alternative carrier, you will reduce the savings made on the BT discount schemes.

■ **£100-plus bill made up mostly of long-distance and overseas calls**

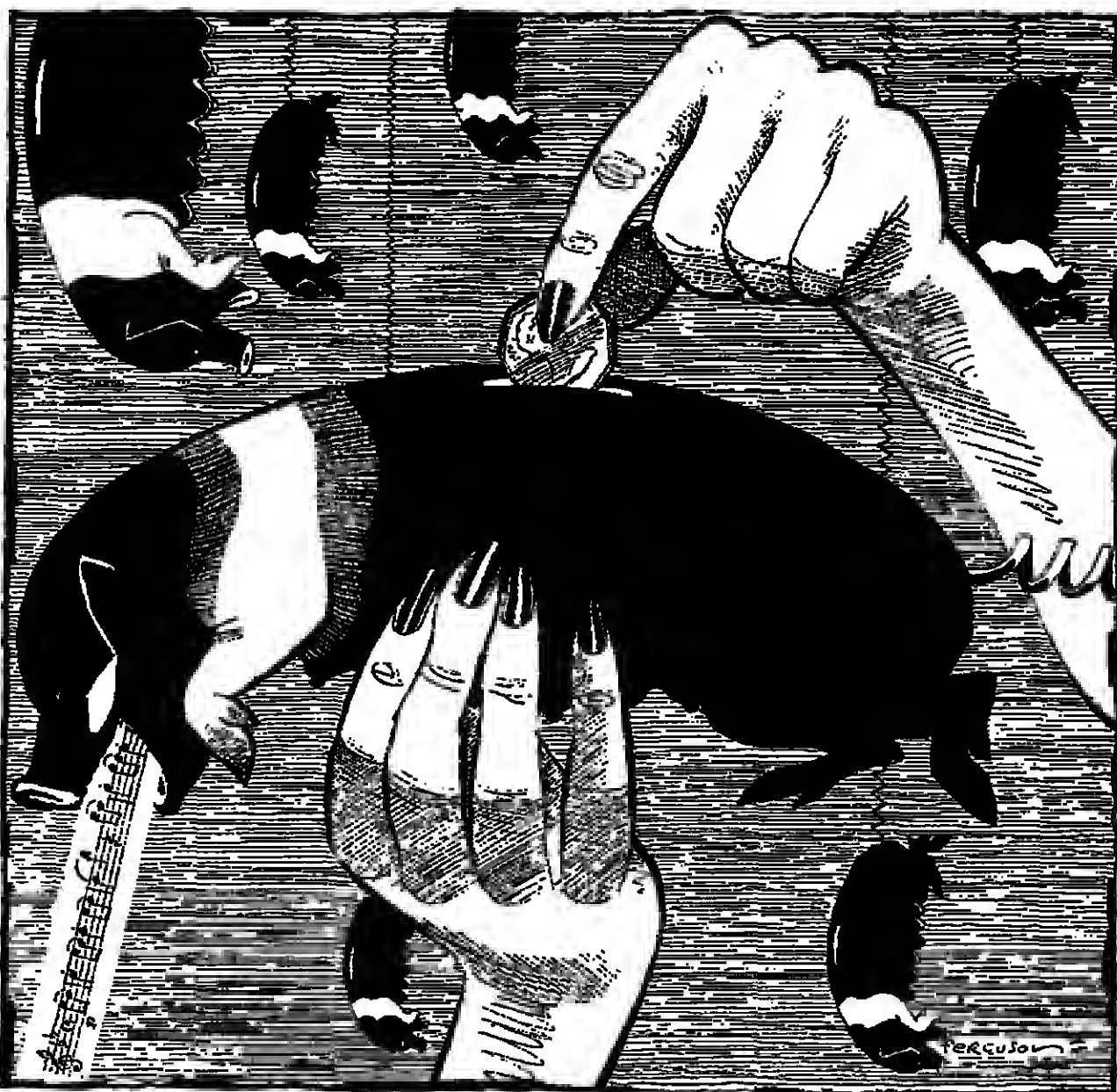
Investigate another carrier immediately, but check that the rates for the region of the world you are calling regularly is competitive with BT. If you call the US mainly, then check out the call-back schemes offered by some specialist operators who advertise in the FT.

■ **BT DISCOUNT SCHEMES**

■ **Light User Scheme**. Rebate offered for customers who spend less than £10 a month.

■ **Friends and Family**. Provides a 5 per cent discount on five nominated telephone numbers, which can include one international number. Only open to those customers whose local exchange provides full itemised billing. One-off joining fee of £4.99.

■ **Option 15**. Designed for customers with quarterly bills of over £40 and promises a 10 per



cent discount. Quarterly fee of £4. Dr John Hunter of Hunter Associates, specialists in telephone call charges, says the actual savings once the charge has been included in the equation is less than 5 per cent on a bill of £50 a quarter and around 7 per cent on £100 bill.

■ **Premier Line**. Designed for

those with regular bills over £100 a quarter. Provides up to 15 per cent discount on direct-dialled calls and customers can accumulate "Talking Points" which can be exchanged for gifts or air miles. Annual fee of £24. Once this fee has been included in the calculations, Hunter estimates that the scheme will give about 10 per

cent savings on a bill of £100 a quarter. Savings rise with the size of the bill, but you will have to spend about £1,000 a quarter before you achieve 15 per cent.

BT also offers a range of discount options to business. These might be worth investigating if you make a lot of business calls from home, but

remember that you will have to re-classify your line as business to take advantage of these discounts, and that costs more. It might be worth buying a calculator before you start to work out your options.

■ **Information: BT - dial 150. Mercury: Freecall 0500 200 960. Energis: 0800 162 162.**

Rough times for cashmere

Lucia van der Post explains why prices of the luxurious fabric will rise



Cashmere by Barrie Knitwear - rollneck long sweater, £225, ribbed sweater round shoulders, £200, round the waist, £200. In black, pearly grey, platinum grey, ecru or natural, available from Space NK Earlsam Street, London WC2 and other Barrie Knitwear stockists

The relationship between the supply and demand of cashmere, that softest, lightest, warmest, most delectable of fibres, has always been a delicate one. When the two are in harmony the knitwear manufacturers and we, the customers, can enjoy stable prices and steady supplies. When they are out of kilter, then there is trouble - or, more precisely, there is expense.

In Scotland, where the combination of pure water, finest yarns and know-how produce the best knitwear, there is considerable agitation. The tranquil years of stable prices seem to have come to an end. The Chinese, who have been the sole suppliers of that ineffably soft down under the neck of the cashmere goat, have finally become highly successful competitors in the textile market.

The Chinese economy is booming and refined, luxurious shops such as Ermenegildo Zegna are opening in Beijing at quite a pace. Private enterprise is being encouraged and there is now a very efficient, very hungry textile business. Hong Kong has invested heavily in mainland China and now that Hong Kong itself has become an expensive place to manufacture, more manufacturing is being done in China.

There is not enough raw material to go round and most suppliers have already put their prices up by 15 per cent. It seems certain they will rise further.

The big players - companies such as Dawson and Johnstons of Elgin - which do everything from treating the fleeces to designing, manufacturing and retailing, can absorb some of the extra costs along the way. The smaller producers who are involved in only one or two processes have to make a return at every level.

James Sugden of Johnstons says that: "Until supply and demand come into balance this nonsense will go on." Ultimately, he believes, Chinese wages and costs will rise, making their own costs nearer those of Scotland. "In the meantime we have to look at margins, efficient distribution, service and design if we are going to have a chance of competing."

To keep costs down many companies are looking at mixing cashmere with other materials - Pringle has had a particular success with its cashmere and silk and cashmere and cotton mixes. Mail order has also grown in the wake of pressure on margins and there is a host of companies now selling classic designs by post.

Meanwhile in Scotland, some farmers are experimenting with farming their own cashmere-producing goats. The first garments made from Scottish cashmere are already on the shelves of top stores in Tokyo, Edinburgh, Paris and New York. Belinda Robertson, for instance, has used it for a special limited edition. All should bear a swing ticket saying they are made of Scottish cashmere.

Even so, if you fancy some cashmere this winter, the message is: hurry. There is nowhere for prices to go but up.

■ **The Cashmere Store**, 2, Saint Giles Street, Edinburgh EH1 (Tel: 031-225 5178) sells classic cashmere knitwear - cardigans, V-necked jumpers, that sort of thing, by mail order at good prices. £149 for a two-ply cashmere cardigan, £99 for a V-necked sweater.

■ **Brora**, 7a Filmer Road Studios, 75 Filmer Road, London SW6, sells classic knitwear, jumpers and V or high-necked cardigans at the best prices around. £110 each. Men's cardigans are £145, waistcoats £135. There is a mail order service.

■ **Elizabeth Stanbury** of 7, Bridge Street, Hungerford, Berkshire and 37, Upper Brook Street (first floor, just ring the bell), London W1 offers a charming personal service. Her two shops have sofas, a warm welcome and a willingness to make any design in any colour the customer fancies. There are easy country styles and sophisticated town ones. You could spend a little (for cashmere) for example £95 on a small scarf, or a lot, up to £1,750 for a silk-bordered

king-size 100 per cent cashmere blanket.

■ **Madeleine Trehearne**, of whom I wrote in the summer, has just come back from India with another batch of her exquisitely soft and luxurious Shahtoosh, Toosh, and Pashmina shawls. In fashionable shops they start at £1,600 and go on up to £2,500 a time but Madeleine, because she sells them from her own home and has only her own and her partner's travelling costs to cover, sells items from £600, for the Pashmina, to £1,200, for the finest of them all, the Shahtoosh. There are lots of colours and designs but I think much the nicest are the plain camel coloured ones. Ring her on 071-435 6310 for an appointment to view and buy.

Ermenegildo Zegna

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FASHION

A laddish hi-tech style for town and country

Nick Ashley inherited a famous fashion name. Now he has his own shop, writes Richard Rawlinson

Nick Ashley, son of Laura and Bernard Ashley, tried to introduce menswear into the Ashley store chain at least twice during his 15-year reign as the company's design director. Each time, the grey suits in the boardroom stamped out the idea, perhaps rightly concluding that mixing floral frocks with men's clothing would not work.

Having left the family company two years ago, 37-year-old Nick has decided to go it alone and at last has achieved his long-held dream and opened his own menswear business.

One might expect the heir of industrial tycoons to have no shortage of cash to throw at a new venture. But, just as Laura and Bernard began by designing dresses on their kitchen table, Nick has had to start on a small scale. He has funded the venture himself and says that, in spite of recent reports about vast inheritances, his "net worth is little more than what I'm standing up in", though he still owns some shares in the old family company.

The shop is small and unassuming though not "in a way that shows some trendy, Shaker influence, it looks more like a Welsh pub". It is in an unglitzy part of town at 57 Led-

bury Road, Notting Hill, west London and there have been no fancy interior designers - "just a lick of paint, keeping it minimalist" and no marketing men designing clever logos. The carrier bags are plain brown.

Nick's design philosophy is based around "old styles for modern living". He is specialising in practical, durable outerwear, ideal for the sporting life and wet and windy weekends in the country. However, he wants to erode the differences between town and country clothing by combining the purely functional with urban style and comfort. The resulting cocktail could be described as gamekeeper-meets-motorcycle courier or Mulberry-meets-Dr Marten Clothing.

The clothing sometimes seems amateur and home-made, what the Japanese call a "high-touch product" but Nick, whose hobby is motorcross racing when he is at his country home in Wales, is excited by this concept and believes he has discovered a niche in the market.

"I designed the collection for myself and my friends," he says from his flat in Kensington, London, which he shares with his wife, Ari, and 2½-year-old daughter, Lily. "I want to do away with the need for separate wardrobes for town and

country, one sophisticated and one frumpy."

The collection includes reefer coats, drape coats, tailored hacking jackets, cotton trousers, fleece work shirts and accessories such as shoes, boots, hats, gloves and retro-style motorcycle helmets and

goggles. The predominant colours are black and navy, although traditional country greens and browns are available.

Prices range from £80 for a shirt to £350 for a jacket.

However, this collection's most novel feature lies in its

use of fabrics. Nick has taken high-performance fabrics, such as Ventile and Polartec, used by mountain climbing clothing specialists, and applied them to everyday outerwear. By doing so, he has cut out the need for the oily, smelly weather-proofing treatments so prevalent in much "hunting", shooting "or fishing" clothing. In effect he has borrowed the technology of tough practical, functional clothing and smartened the designs up, giving them a fashionable, but not too fashionable, edge.

"Clothes," says Nick, "should not say too much about you. People who wear corduroy trousers, tweed jackets, poplin shirts and brogues are immediately pigeon-holed as public school types. My kit functions well out of doors but it does not give off any social message."

Nick studied fashion at St Martin's College of Art and Design where he was a contemporary of Rifat Ozbek. But he claims he learnt most about clothes, and tailoring in particular, while working part-time for the late Tommy Nutter, the Savile Row bespoke tailor.

When he was design director at Laura Ashley he built a team of 10 designers into 60 as the company expanded into more and more areas. By the time he left, his department was responsible for 2,500 fabrics each year and the company had 450 shops around the world. However, in spite of his background in the family business, his plans for his own label are more modest.

He has inherited a distrust of wholesaling clothes from his parents and he claims he will only offer consumers the range through his own shops. "My parents wasted 20 years wholesaling through the 1950s and 1960s," he says, quoting the much-used retail dictum: "Sales are for vanity but profit is for sanity."

He knows his clothes will never appeal to the mass-market - laddish types rather like himself are his main target - so he has no designs on the high street. He plans ultimately to expand internationally with just one shop in each of several important cities - if London is a success he will look for a more central shop and after that will come New York, San Francisco, Paris, Milan and Tokyo.

His father Bernard, who is still running Laura Ashley, is at hand to offer marketing advice. That company began life with the forgettable name of Bernard Ashley Fabrics Limited. Bernard changed to the more romantic Laura Ashley only when his wife wanted to design nighties. "Dad refused to put his name to anything so sissy," says Nick.

Richard Rawlinson is acting editor of Fashion Weekly.

Chess No 1046: Black won the game and the brilliancy prize by 1... Ne2+ 2 Kg2 Bx3+! 3 Kx3 Qb5+ 4 Rg2 f3+ 5 Kh1 Qxh2+ 6 Kxh2 Rh6 mate.

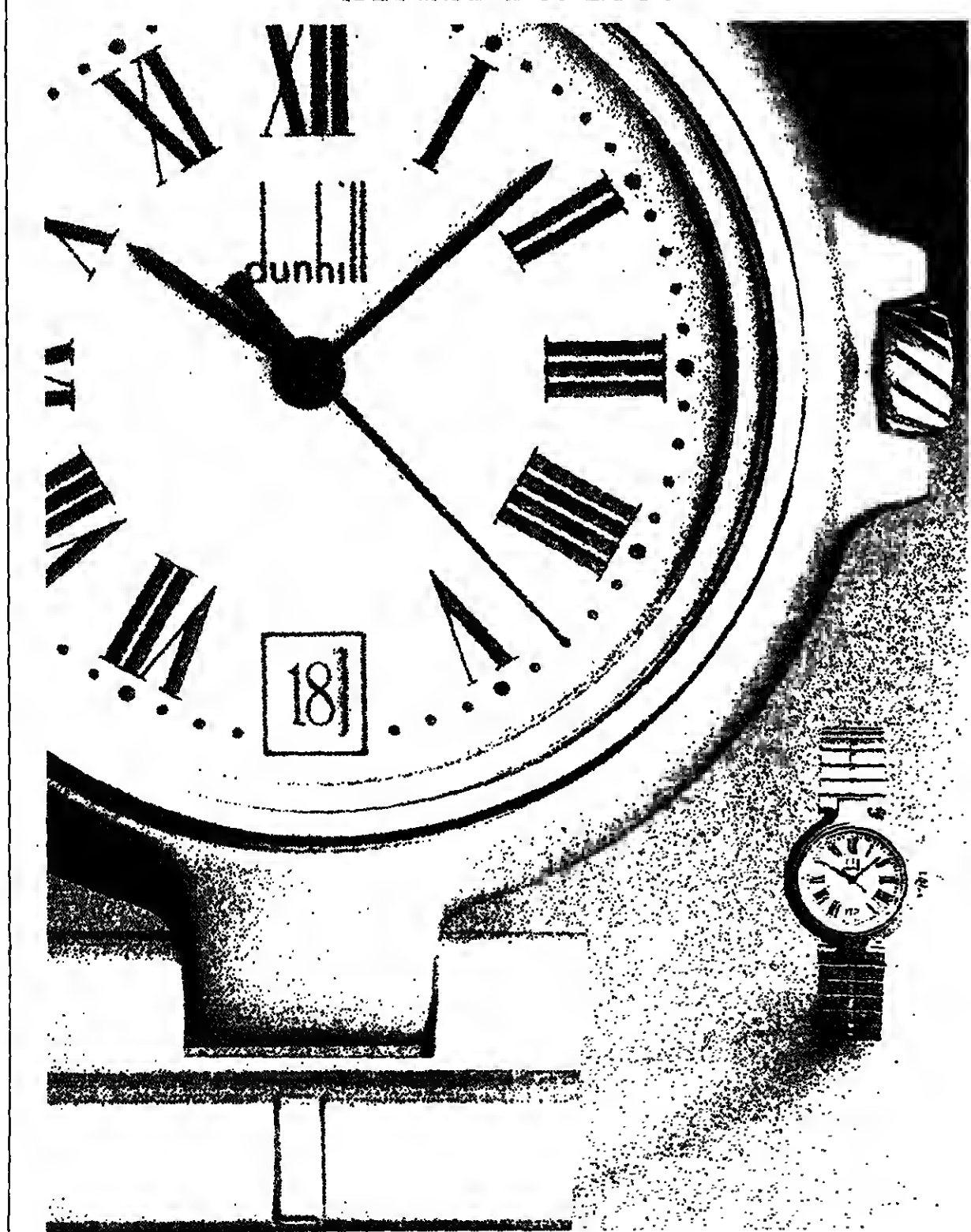


ABOVE LEFT Nick Ashley in an ultra lightweight mac, £215, black short-sleeved T-shirt, £17, black, cotton drill trousers, £48 and black R. Williams leather jodhpur boots, £160. All from Nick Ashley, 57, Ledbury Road, London W11.

ABOVE Black suede washable jacket, £375, worn over cotton jersey shirt with a formal collar, £36, a white cellular T-shirt, £17, and black cotton drill trousers, £48.

LEFT Green reefer jacket, £225 and green fleece workshirt, £65.

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REGIONS

IV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

1.10 Not Just Dope Human, (TV) 11:07L 2.25
 Night Rider, 5.05 Anja News Sports (TV) 11:00 L
 The King of Jaws, (TV) 11:00 L
ORDER:
 1.05 3.05 Moves, Games and Videos, 1.05 Border
 Soldiers, 1.10 Summerlamps, 1.05 Supersquats of Was-
 ter, 1.05 Cyber, 5.05 Knight Rider, 4.05
 and Weather News and Weather 5.15 Border Sports
 10:00L, 11:00L, 5.15 The King of Jaws, (TV) 11:00L
 1.05 3.05 America's Top 10, 1.05 Central News 1.10
 and Murders Today, 1.05 Movies, Games and
 Sports, 2.10 SeaQuest DSV, 3.05 The Fall Guy,
 4.05 The 24th Hour, 5.05 The 24th Hour, 5.10
 The Central Match - Goals Extra, 5.05 Local
 Weather, 11:00 Pm Gonna Get You, Sucka, (TV) 11:00L
ORDER:
 1.05 3.05 COPS, 12.00 The TV Chat Show, 1.05
 Criminal Diary, 1.10 Yesterday's Heroes, 1.40
 Underbelly Road, (TV) 11:00L 2.30 Cartoon Time,
 3.05 The 24th Hour, 5.05 Channel News, 5.10 Pul-
 se's People, 11.00 Crime Game
RAMBLER:
 1.05 3.05 Abor Sports 1.05 Gypsyman Headline, 1.10

[illegible]

TIME TEES:
 30 Movies, Games and Videos, 1.05 Tyne Tea
 News, 1.10 The Fall Guy, 2.05 Nant to No Time,
 3.55 3.45 Knight Rider, 5.05 Tyne Tees Saturday
 6.00 Everybody's All-American, 1988)

ESPIONAGE:
 1.00 1.00 Movies, Games and Videos, 1.05 Western
 News, 1.10 Rat River, (1948) 3.45 Diamonds,
 5 No Naked Parners, 5.05 Western News
 5.05 Western Weather, 11.00 St. Stryker, The
 end of jazz, 1990)

WASHBURN:
 1.00 1.00 Games and Videos, 1.05 Calendar
 News, 1.10 The Fall Guy, 2.05 Nant to No Time,
 3.55 3.45 Knight Rider, 5.05 Calendar News, 6.10
 6.00 Everybody's All-American, 1988)

REGIONS

REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES—

ITALY:
9:30 Bedouins, 12:55 Angle News, 2:00 High-
way, 2:55 Kick-Off, 4:00 Soccering,
7:31 5:45 Angle News, 8:15 Angle News on
teley 10:40 Angle Weather, 11:45 Street Legal.

SCOTLAND:
9:30 Gardener's Diary, 12:55 Border News, 2:00
Sportsp, 3:15 Best of British Motor Sport, 3:45
The Scottish Parliament, 7:14 Festi 5:00
Country Club, 6:25 Border News, 11:45 Prisoner:
Black H.

NETHERLANDS:
9:30 Central Newsroom, 12:55 Central News, 2:00
Evening, 2:30 The Central Match - Level 4:55
The Time, 5:20 It's Your Show, 5:55 Hi the
6:25 Central News, 10:40 Local Weather,
6:50 Prisoner, Coff Black H.

DANISH:
9:30 The Selection, 12:35 Nordic You Dismore,
10:40 Telegarden, 2:00 Cartoon Time, 2:10 The Pie,
7:15 The Legends, 2:40 The Meridian Match - Level
10:40 Local Weather, 11:45 Prisoner, Coff Black H.

11:45 The Pic.
AMERICA
 12.55 *Armstrong* Gedreaches. 11.45 *Sporad.*
 30 *Garfield's Day*. 12.55 *Grampton* Headlines.
 2 *Scottsby*. 3.15 *Yesterday's Heroes*. 3.45 *Bed-*
roomed Sam. 4.45 *Cartoon Time*. 4.50 *Pick a*
Movie. 5.30 *Monks*. *Gems and Videos*. 5.50
 6 *West Country*. 6.20 *Appeal*. 6.25 *Grampton*
 6.30 *Headlines*. 6.35 *Armstrong*. 6.45 *Gram-*
pton *Video*. 11.45 *Prisoner*. *Cell Block H*.
CANADA
 12.55 *Grampton* on *Sunday*. 12.55 *Grampton*
 1.25 *Arden*. 2.55 *The Granda Motor*. 3.25
 4 *Cartoon Time*. 5.30 *Coronation Street*. 6.25
 6 *Granda News*. 11.45 *Prisoner*. *Cell Block H*.
U.K.
 2.55 *The Wrap*. 12.55 *HTV News*. 2.00 *On the*
Ice. 2.30 *Midweek*. 3.00 *The West Match*. 3.25
 3.55 *Cartoon Time*. 4.50 *Cartoon Time*. 5.25
 5.30 *on Canvas*. 5.55 *Dinosaurs*. 6.25 *HTV*
News. 10.40 *HTV Video*. 11.45 *Prisoner*. *Cell*
Block H.
U.S.
 30 *Seven Days*. 12.50 *Mardiann News*. 2.00
 2 *Arden*. 2.10 *The Pic*. 2.30 *The Listings*.

NOTES:
 3.00 Desmetrol Georgetown, 11.45 Elton, 12.30
 12.00 Elton, 12.35 Scotch, 2.00 Scotland
 1.00 Vanishing Act, (TVM 1968) 5.00 Knight Rider
 2.00 Michael Ball, 6.20 Scotland Today, 6.25
 10.00 Scottish Weather, 10.45 Don't Look
 11.00 The South Sea, 11.45 News

TEES:
 2.00 Newsweek, 2.55 Tyne Tees News, 2.00
 12.00 To Heaven, 2.25 Lyri Crane Suite (USA,
 3.00) 5.00 Dinosaurs, 5.30 Animal Country, 6.00
 12.00 Tees Weekend, 11.45 News Visions

WESTCOUNTRY:
 3.00 Westcountry Update, 12.55 Westcountry
 12.00 News, 2.00 Hot Wheels, 2.30 Vet, 3.00 The Scarlet
 12.00 News, 2.00 Newsweek, 2.55 Cowing Invest-
 3.00, 6.25 Westcountry News, 10.40 Westcountry
 Newscenter, 11.45 Prisoner, Cric Stokk H

VISIONS:
 2.55 Frabobob, 12.50 Calendar News, 9.00 High-
 12.00 To Heaven, 2.25 Lyri Crane Suite (USA, 1968)
 3.00) 5.00 Dinosaurs, 5.30 Animal Country, 6.00
 12.00 Visions, 10.40 Local Weather, 11.45
 12.00 Visions

From Our Own Correspondent,
7:50 Write On, 8:00 World
News 8:09 Words of Faith,
8:15 The Greenfield Collection,
8:30 World News and Business
Review, 9:15 Seeing Stars, 9:30
Folk Routes, 8:45 Sports
Roundup 10:00 News
Summary, Science in Action,
10:30 In Praise of God, 11:00
Newsweek, 11:30 BBC English,
11:45 News and Press Review
in German, 12:00 News
Summary, Play of the Week:
The Widowing of Mrs. Holroyd,
1:00 Newsmouth, 2:00 News

Anything Goes. 3.00 World News. 3.15 Concert Hall. 4.00 World and British News. 4.15 BBC English. 4.30 News and features in German. 5.00 News and Business Review. 5.15 BBC English. 6.00 Newswatch. 6.30 News and features in German. 6.00 World News. 6.10 Words of Faith. 6.15 Printer's Devil. 6.30 News Today. 6.50 News. 7.00 News and Business Review. 7.15 Maidman. 10.45 Sports roundup. 11.00 News. 11.30 Turning Point. 12.00 World and British News. 12.15 Top Scores. 12.30 In Praise of God. 1.00 News. 1.15 Volsini. 1.45 Word. Cuts and Brass. 2.00 Newswatch. 2.30 Composer of the Month. 3.00

features in	Sports Roundup. 3.30	Anything
izz For The	Goes 4.00	Newsdesk. 4.30
d News, 7.15	BBC English.	4.45
Brass 7.30	Fruhmagazin	

BRIDGE

Defensive Bridge Play Complete by W.S. Root, originally published in the US, has been produced by Robert Hale at £17.99. It is expensive, but its 400 pages deal with every aspect of defence. Listen to the author on Opening Leads: "The bidding sometimes indicates that the best opening is from a suit combination you would not normally choose. If you do choose such a suit, you must select the right card."

At love all North deals and bids one club. South replies one heart. North rebids one spade. South jumps to two no trumps. North raises to three.

What should West lead? A diamond seems reasonable - it is the unbid suit. Your partner may well have five cards to an honour. Which card must you lead? The three will block the suit. The right card is the trave, but the ace will also work. You start with the trave on which your partner

CROSSWORD

No. 8,603 Set by CINEPHILE

A prize of a classic Pelikan Souverain 800 fountain pen, inscribed with the winner's name for the first correct solution opened and five run-up prizes of £35 Pelikan vouchers. Solutions by Wednesday, November 16, marked Crossword 8,603 on the envelope, to the Financial Times, 1 Southwark Bridge, London SE1 9SL. Solution on Saturday November 19.

A 16x16 grid of black and white squares, representing a binary image or a specific data pattern. The grid is composed of 256 individual squares, with black squares forming a complex, non-random pattern against a white background. The pattern includes several vertical and horizontal streaks, as well as more intricate, irregular shapes.

Name _____

Address _____

ALPHABETICAL JIGSAW

Method: solve the clues and fit the solutions into the diagram jigsaw-wise, wherever they will go

A Relatively benign (9)	M From Samos Ulysses went by the Tigris (5)
B A match with the Lions? (3,4)	M Volatile Roman counterpart of Herme ^{us} ? (9)
C Togetherness of man in centre and north country's extremes (8)	N Small boy? (cool) (7)
D Princess has old sixpence - that's all - for shareholders (9)	O Walking place for the euphoric when broadcasting? (2,3)
E Damage to the marrow by aerosol (4)	P See J
F Parisienne, maybe fatal, should be searched for (5)	Q Sounds like a clue to a wharf (4)
F Ale quarter share of food from Europe in future? (16)	R Withdrawal to parody again? (7)
G Watch the TV to protect the eyes? (7)	S Left start in play to disquiet to get roof attachment (16)
H Lots of women? Run a maul (5)	T Strove (when retiring) painting with poetry (8)
I 100 is 10 in a pub, which means a cut (8)	U Get together with you before dark, say (5)
J Place for Sunday lunch? (5)	V Space traveller makes a very good haul (7)
J P Tool for problem such as this (6,8)	W Shoot a lute in the arm - with a bolt? (4,3)
K Ken moved a step back - with Pat and Ella? (7)	X Tool for surgeons to make cross on burst tyres (6)
L Doctor in genuine backing for food store (8)	Y Call at your home for starters (2,2)

(Continued on opposite page)

Solution 8,502

U	N	C	O	N	V	E	N	T	I	O	N	A	L
S	A	R	A	K	E	D	O	M	A				
T	A	L	K	E	D	O	M	A					
A	N	D	E	T	S	E							
E	L	E	S	T	A	N							
S	G	T	Y	T	Y								
G	T	O	D	I	C								
A	R	N	V	T	S								
I	N	T	E	R	F	E	R	S	O				
F	E	C	H	T	A								
F	U	C	H	I	A								
E	L	T	M	P	I	R	H						
R	E	A	D	I	M	A	T	E					
N	K	A	S	N	S	A							
O	R	G	A	N	I	S							

Solution 8,501

G	A	L	A	X	Y	I	S	L	A	N	D	E	R
A	D	V	A	N	T	E							
A	D	V	A	N	T	E							
L	E	V	E	V	I	T	H	C					
S	E	A	T	P	E	O	P	L	E				
I	P	M	L	D	M								
R	E	P	A	I	R								
D	L	S	F	T	O	R							
O	E	C	O	O									
A	O	N	I	O	N	T <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>							
P	E	R	M	A	F	R	O	S	T <td></td> <td></td> <td></td>				
A	O	M	L	R	S	T <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>							
O	E	N	T <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>										
O	E	S	C	M	I	N	H						
S	H	O	A	T <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>									

WINNERS 8,501: G.M. Crum, Norwich; R. Bayliff, Edinburgh; J. Marsden, Tumbidge Wells, Kent; J.R. Pilcher, Mytchett, Surrey; D. Richardson, Bedford; J.R. Wells, Lee-on-Solent, Hants.

SUNDAY

From Our Own Correspondent
7.60 Write On, 8.00 World
News, 8.09 Words of Faith,
8.15 The Greenfield Guide,
8.20 World News and Business,
8.25 155 Seating Stars, 9.00
Falk Routes, 8.48 Sports
Roundup, 10.00 News
and Science, 10.10
10.30 In Praise of God, 11.00
Newskick, 11.30 BBC English,
11.45 News and Press Review
in German, 12.00
Summary: Play of the Week
The Widowing of Mrs Holroyd,
1.00 Menhousar, 2.00
The Turn of Mind, 2.30
Anything Goes, 3.00 World
News, 3.15 Concert Hall, 4.00
World and British News, 4.15
BBC English, 4.30
and Features in German, 5.00 World
News and Business Review.

Newstead, 6.30 News and features in German, 8.00 World News, 8.10 Words of Faith, 8.15 *Prisoner's Dilemma*, 8.30 Europe Today, 9.00 *Newsworth*, 10.00 World News and Business Review, 10.15 *Mondays*, 10.45 Sports Roundup, 11.00 *Newstead*, 11.30 Turning Point, 12.00 World and British News, 12.15 *News*, 12.45 *Prisoner's Dilemma*, 1.00 *God, 1.15 News Summary*; *Voltains*, 1.45 *World, Cuts and Brass*, 2.00 *Newstead*, 2.30 *Composer of the Month*, 3.00 *World and British News*, 3.15 Sports Roundup, 3.30 Anything Goes, 4.00 *Newstead*, 4.30 *World News*, 7.45 *Prisoner's Dilemma*, 7.55 *Prisoner's Dilemma*.

Drunk as a philosopher

Fancy a quick drink? Socrates was your man, writes Peter Aspden

Fancy a quick one after work? Think very carefully about it, for you will either be substantially decreasing your chances of succumbing to heart disease, or you will be stumbling on a slippery slope which leads inexorably to cancers and chronic liver complaints, dependence, violence and crime.

There is, it would seem, no middle way. This week's tilt between the World Health Organisation and a couple of reputable British scientists over the effects of alcohol consumption has severely dented our confidence in that most insidious of myths, that the moderate embrace of a vice can turn into a virtue.

Fancy a quick one after work? It used to be such an innocent question, easily considered and quickly answered, perhaps a brief consultation with the crumpled railway timetable, a swift call home, but no more. That such an inquiry could

now lead us straight into pained calculations on mortality and even (after a couple to warm up) the after-life is an unhappy indictment of our positivistic culture which claims to know so much more than it does.

The WHO is, to be fair, only doing its job. It believes genuinely that there is "no minimum threshold below which alcohol can be consumed without any risk", its message to the world is a catchy "The less you drink, the better", which I can just see jostling in the global consciousness with the glossy Martini ads and lurid billboards of young, semi-naked bodies imbibing various versions of the hard stuff.

I wonder what the Greeks would have made of it. They liked a drink, although you would hardly know it listening to the sanctimonious claims made on behalf of their culture. I have always asked myself why people are only too happy to quote the ancient world when they are discussing subjects of gravitas, such as the nature of beauty or the appeal of democracy, but ignore what John Stuart Mill would have called the pursuit of the baser pleasures which took up so much of their time.

For the fact is that all that contemplation of the virtuous life and the philosophical intrigues of existence was undertaken in an alco-

holic fog the likes of which would send our dear old friends at the WHO diving into their glasses of mineral water in fright.

Consider the evidence: the comic poet Eubolos gave a pithy account of his own health advice to contemporaries: "Three kraters only do I mix for the temperate - one to health, which they empty first, the second to love and pleasure, the third to sleep." So far, so good.

"When this is drunk up, wise guests go home. The fourth krater is ours no longer, but belongs to insults, the fifth to uproar, the sixth to drunken revel, the seventh to black eyes. The eighth is the policeman's, the ninth belongs to

vomiting, and the tenth to madness and hurling the furniture."

Whoops, sounds like we are on that slippery slope.

When one considers that a krater held about 14 litres of naturally fermented wine, admittedly diluted with water, which served a gathering of about seven couches (two, of course, to a couch), we get some idea of what these sessions involved. After the talk was finished, the group would go on a ritual drunken revel (komos) during which they would parade through the streets, singing and dancing, assaulting passers-by and damaging property. All this in the name of Dionysus, though it might as

well have been Arsenal.

The respect for the joys of the grape can clearly be seen in Plato's *Symposium*, when the drunken roar of Alcibiades threatens to disrupt the hitherto civilised discourse on the meaning of love.

"Will you welcome into your company a man who is already drunk?" he asks his colleagues; not only do they welcome him, they ask him to contribute to their musings.

At the end of his contribution, the party fizzles out in "general uproar, all order was abolished and deep drinking became the rule".

Tragedy of the useless arts

Last year it was a concrete house which won the Turner Prize. It was denounced by one expert in modern art as the "biggest piece of junk ever". This year's hot tip for the £20,000 award is five solid iron sculptures of a naked man, each bent in a 90° angle and arranged in different positions. The entry, called "Testing a World View", is said by the sculptor to show the "western culture's right-angled psychological dimension. Flung around the room, they demonstrate the current crisis of this kind of world view."

Someone once said that the definition of the highest art is that one should feel that life is this, and not otherwise. It may be hard, but not necessarily impossible, to feel that life is the concrete inside of a house or the random arrangement of solid iron figures.

The highest art gives a vision of what human life can be. It opens up possibilities dimly seen. It lifts the spirit, and because it has the power to make people feel that "life is this and not otherwise," it has the power to transform human life. Yet, in spite of all this, art remains essentially useless, particularly when usefulness is measured by the criteria of the market economy.

In his earlier life, Leo Tolstoy, author of *War and Peace*, was strenuously opposed to any idea that art can be useful. The true purpose of art, he maintained, was "to make people love life in all its countless, inexhaustible manifestations. If I were told," he wrote, "that I could write a novel whereby I might irretrievably establish what seemed to me the correct point of view on all social problems, I would not even devote two hours to such a novel; but if I were to be told that what I should write would be read in about 20 years by those who are now

Philip Crowe asks whether poems and opera can make the human species less brutish

children, and that they would laugh and cry over it and love life, I would devote all my own life and all my energies to it."

Sadly in his later life, Tolstoy abandoned this view. Instead he held that art should be made to serve good moral purposes, and he tried to hush his arguments by telling a famous story.

It is the story of a princess who goes to the theatre, driven there in her coach by her old and faithful coachman. The tragedy on stage moves her to tears. Meanwhile outside the night is bitterly cold and a real tragedy takes place. Her faithful coachman, waiting to take her home, freezes to death.

Tolstoy intended the story as a dreadful example of the failure to make connections between art and good behaviour; but all his passionate arguments failed. They proved less telling than the story itself, of the weeping princess and the freezing coachman, which is in fact a parable of the uselessness of art.

Kenneth Clark, whose personal view of civilisation was so cultured and compelling, grew up to love and trust paintings more than people. His son tells that "he found that art could give him tenderness and solace and energy and tranquillity and a beauty without asking for anything in return."

Human beings he found problematic. His wife, crushed by the casual nature of his many transient relationships, found solace out to art but in alcohol. The irony is greater even than in Tolstoy's story - Lord Clark on television eloquently extolling the glories of civilisation and art, while at home his wife drank herself into uncivilised oblivion.

Exposure to centuries of great art does not seem to have done much for the morality of either nations or individuals. Art is useless. It has no immediate, practical value. Technological progress has done more than art to soften the brutishness of the human species.

Looking at paintings does not feed the hungry, listening to Beethoven does not house the homeless. But art has a deep, essential uselessness. Like religion, art is concerned with ultimate ends, with what human life is really about. Art which degenerates into propaganda, which has to be useful in some practical way, misses the point. In itself, art is impotent. To experience great art may transform human life, but it will not necessarily do so.

Great art invites us to see things as they truly are. It illumines the world, and shows us what might be. It can take us out of ourselves. Art, at its best, is a living experience, as profound as that which T.S. Eliot describes when he writes of:

"Music heard so deeply
That it is not heard at all,
But you are the music."
While the music lasts...
What we make of that living experience is up to us.

Private View/Christian Tyler

The woman who asked too many questions

Asking questions can get a person into trouble. It has cost Wangari Maathai her marriage and her job; she has been besieged in her house, held in jail, and beaten unconscious by police on the streets of Nairobi.

Professor Maathai is an environmental campaigner. In her country, Kenya, (as in many more liberal democracies) this can be a very political profession.

For the moment, she is free to come and go. The latest charges against her, of seditious rumour, have been dropped. "But I'm afraid of the government," she said. "I'm afraid of what they could do to me because I have not stopped doing what I was doing when they were harassing me."

"Fortunately, I've had a lot of international support," she said, not mentioning a clutch of awards. "Friends have appealed for my life. Every time I'm arrested my friends raise hell and they release me."

Wangari Maathai has paid a heavy price for criticising the Kenyan government

It was unfair to pretend she was still in danger now that the government of President Daniel arap Moi has stopped pursuing her. "But anybody who has been assassinated has not been pre-warned. So I have to be careful."

A more unlikely-looking target for assassination it would be hard to imagine. What you see in the face of this 54-year-old woman is not the hard, hunted look of the political dissident but the smiling eyes and little pearly teeth of a schoolgirl.

I asked her if being a woman had been some sort of protection.

"Well, I don't really know. Some people think that perhaps if I had been a man I would have been eliminated a long time ago. That's probably true. Also, perhaps, if I had been a man I would have been much more influential than I am," she laughed.

Formerly an associate professor of microanatomy at the University of Nairobi, Wangari Maathai says she is not politically ambitious.

She once tried to stand for parliament but was disqualified, losing her academic post in the process. She demurred when women supporters urged her to oppose Moi in the presidential election two years ago.

"I'm not looking for power, I'm not trying to overthrow anybody," she said. "I'm just trying to raise issues and I think the system sees that."

How did you become such a troublemaker?

Maathai laughed at the designation. "I think it started as I was growing up," she began, then paused, head tilted interrogatively. "How did I really get myself into all this?"

As the first African woman professor in the country, she was co-opted on to a national women's council in the early 1970s. There she discovered that there was "a lot of misery in the rural areas, no water, no energy, no firewood, and a lot of malnutrition among children."

Such observations fell on a mind prepared. In 1960 the young Wangari Muta had been picked as one of 300 young Kenyans for a pre-independence scholarship programme set up in the US. She studied biology at Kansas and Pittsburgh, then microanatomy in Munich, Bavaria.

"The country I left was extremely green, the rivers were clean, there was plenty of food. I came back seven years later and there was a lot of deforestation in order to plant cash crops. There was a lot of soil erosion; you could see gullies, the silt in the rivers."

"So I started asking questions. That is how I eventually got into a confrontation with the politicians, because I started seeing the linkage between public policy and what was happening on the ground."

In 1977 she started a women's tree-planting movement called Green Belt, which was supported by government foresters and funded by private sponsors. Its success brought her to the attention of UN and other agencies when they set up shop in Nairobi.

Trees led to environmental politics, and politics to clashes with Moi's government. Maathai has been hauled off for protesting about a planned skyscraper in Uhuru ("freedom") Park and demonstrating for the release of political prisoners. She has accused Moi of whipping up tribal hatred in order to divide the opposition and has appealed to foreign donors to withhold aid while there is administrative corruption.

One victim of her activism was her marriage to Mwambi Maathai, a politician in the ruling Kemu party. They have three children, all now studying in the US.

I asked her why he had sued for divorce.

"I think from his point of view I was a woman who was a little too... conspicuous for him. He was a politician and he wanted to be successful and I think I was a little bit overshadowing to him, and I didn't realise."

"Now today, if we were to start all over again, he would probably say I was an asset. He should have used me, actually, because I had the talents he needed for a political partner. But he tried to control it in a way that was a little difficult. "Economically and socially I was



independent. Emotionally I was very dependent on him. And I think that he felt like he needed a woman. If you look independent and you can put your points across and you can stand your ground, unless you have a very understanding man, you can be a threat. And I think that's what I was. Only I was too young to understand."

Matters were made worse by the divorce process itself. Wangari says that her side of the case was ignored. The divorce became a public issue in which she was to be taught a lesson. When she accused the judge of being either corrupt or incompetent she was arrested and tried for contempt.

Will you get married again?

"I dunno. I haven't met a man to marry me." She laughed.

What sort of man would you want this time?

She found this hilarious. "Maybe I should go back and marry the same old man. Yeah." There was a note of real regret in her laugh.

Other people must have asked questions of the system, I said, but would not risk going to jail for it. Why did you?

"I sometimes don't know the answer myself. But I say it was because I was educated in mission schools, mostly taught by nuns. I think they influenced my life; these are people who also had left their countries and were there believing in fairness, doing good."

Maathai grew up in Solai, north of Nakuru in the Rift Valley, and went to school in Nyeri where her family had come from. I asked:

what about your parents? Did they ask questions?

"No. My parents were farmers, very simple farmers. My father was a mechanic, a squatter on a white settler's farm so he didn't ask questions." Her father and the estate owner had been "great friends", she said.

Studying biology made her inquisitive, too. "I have a mind that tends to ask why. I do get into a lot of trouble because I'm not satisfied with the reasons I'm given. If there are no trees, then why can't we plant them? I want to get to the root of the problem. That way of thinking made me get completely out of the academic circus."

Maathai said she won no popularity prizes for sticking her neck out.

"In the beginning a lot of people, and especially a lot of women, thought that I was just being troublesome because I was educated. The way they saw it was like I was showing off, like I was just trying to be snobbish."

"That bothered me in the beginning. But we have been able to show that it's OK to stand up and own the same people turn around and say it's OK."

"I wasn't being trained to sit down and enjoy my wealth and my comfort. So I have always studied to ask questions, and I have got into a lot of trouble. But I haven't learned to be quiet, yet." She flashed a big smile.

"And I don't think I will learn, because I think people are silenced through fear."

The protestants reject this idolatry. They ask whether devotees have in fact implemented the Commission's directive on asbestos extraction to forklift trucks.

Euro-protestantism is at its strongest in Britain and Denmark: in Germany the post-reformation concept of *cuius regio, eius religio* is in force. The Germans prefer the protestant virtues of their D-Mark to the universality of the ecu. But their leaders' Euro-orthodoxy means they have no choice but to accept the direction to which the country is being driven.

Unfortunately, Brussels is not yet in all respects a new Rome and the Commission out yet a college of cardinals. In the *Corriere della Sera*, a reporter who is a long-time friend of one of our cardinals, Ersilio Tonini, quoted him as saying: "To live in peace, a chunk of bread and a clear conscience suffice." Try telling that to a European Commissioner.

James Morgan is economics correspondent of the BBC World Service.

As They Say in Europe/James Morgan

All the president's cardinals

Le Soir of Brussels proclaimed: "Santer forms his Commission but not without conflicts." The *Corriere della Sera* of Milan led on "The Pope suddenly changes his Coocleav." It was nice that secular and spiritual Europe should move in step. And interesting that to catholic Europe (outside Brussels) the Vatican was generally given pride of place; in protestant lands it was the "Puff of white smoke" from Jacques Santer's Luxembourg castle as he handed out his gifts.

Le Monde was the one paper to get the balance right. Both stories featured heavily on the front page and were analysed by similar yardsticks. The French were pleased that the trade commissioner, Sir Leo Brittan, was deprived of what he saw as the central element in his portfolio - relations with eastern Europe. Le Meridional said: "The manner in which Santer cut down to size the notorious Leon Brittan, the bete noire of the French

...demonstrates his will to stamp his mark on the future development of Europe."

Le Monde reckoned that Santer had "to act straightaway and decisively in face of the strong personality and ambitions of the British commissioner". It also derived a good deal of innocent pleasure from the reaction in Britain: "In a fit of offended nationalism the 'Euro-sceptic' current of British Conservatives stands behind Sir Leon and, once again, a head blow from the despised Brussels institution."

The analysis of winners and losers dominated much of the account of both decisions. The big loser in both cases was Italy. Rome has no senior commissioner in Brussels

and gained only three new cardinals among the 30 named last Sunday. The Germans were left out of this list entirely, and they made no advances in the Commission. Spain, curiously, emerged well from both conclaves, for similar, third-worldly reasons. Le Monde said it now seemed to be the "great country" of southern Europe. But where the paper made an error was to fail to run the two stories as one.

After all, the Pope, a Pole, promoted east Europeans to large numbers and Santer fellow members of the Benelux grouping. If indeed there is a pattern emerging in Brussels it is one modelled on Rome.

So we should look to history to

see what the future may hold. In his book *The Italians*, Luigi Barzini wrote that popes were at a disadvantage compared with kings. Just as, one might say, Euro-presidents are compared with prime ministers. When a pope was appointed he was often old and decrepit. "He was in a hurry: he had to do for his kinsmen, within a few years, before it was too late, what most royal families had taken centuries to achieve."

The men surrounding him were adequately loyal, but not to him. The parallel offers sufficient similarities to merit further consideration. The European Union offers a reasonable facsimile of western Christendom circa 1540. The protestant Reformation was well under